

MEMBERS OF THE 84th LEGISLATURE OF THE STATE OF SOUTH DAKOTA

It is my honor to submit the budget report for Fiscal Year 2010. This is my proposal for funding necessary state government services and special appropriations for the fiscal period beginning July 1, 2009, and ending June 30, 2010.

In these uncertain economic times, growing our existing revenue base faster than the growth of state programs will continue to be a challenge. Therefore, prioritization of state programs will be a necessity. This budget reflects very limited amounts of growth to our state budget. In addition, it continues to reflect my commitment to three key segments of our state's priorities—helping those who cannot take care of themselves, the very young and the very old; protecting our society from those who would do us harm; and providing a quality education for our children... because they are our future.

My proposed budget will allow for the funding of essential government services but will require using a substantial amount of what is left of our rainy day funds. This budget also continues an emphasis on growing our revenues to help offset the growth of our ongoing expenses.

My proposed budget for FY2010 contains recommendations that reflect the current revenue conditions, while meeting the needs of our citizens and being stewards of our taxpayers' money. Key among these:

- **A continued commitment to education in FY2010** - This budget reflects the commitment to education in South Dakota. We are proposing to increase funding for education at the required rate of inflation. In spite of an uncertain economy, my proposed budget follows state law that guarantees K-12 education a 3% increase in funding. Funding for our state's four technical institutes will also receive a 3% increase in the per student funding. Finally, this budget also increases funding for higher education in targeted areas.

- **Increased funding for the state's share of federal health care programs** - The state's Medicaid Program continues to grow. The increasing costs of health care services, coupled with expanded caseloads and inflationary provider reimbursements, comprise a significant increase in my recommended budget for FY2010. I am also proposing that to assure greater access to healthcare, we provide a 1.5 percent inflationary adjustment to our providers of medical services.

- **Protecting the public** - One of our greatest obligations is keeping our state's citizens safe from those who would do us harm. Our primary concern is the safety of our citizens. Unfortunately, this requires a corrections system that incarcerates people convicted of crimes. I believe many of these individuals, most of whom will return to society, can be

rehabilitated, eventually becoming contributing members of their communities. Specifically, this budget addresses the increases in our state's prison population, maintaining a strong and effective court system, and providing a coordinated effort to distribute millions of dollars from the federal government to address homeland security issues at the local level.

• **Commitment to our employees** - The most valuable resource in state government is our employees. Today, our citizens rely on state government for services more than any other time in history. In spite of that, the executive branch of state government has grown by less than 1 percent over the last 6 years and will actually decrease for this budget. We continue to reform state government by providing more accountability to the citizens of our state, while improving the responsiveness and quality of the services we provide. I propose that we continue the PACE program started by former Governor George S. Mickelson:

- State employees receive a 1.5 percent salary increase across the board.
- Continuation of the 2.5 percent movement to job worth and longevity.
- A 1.5 percent increase in employer paid health insurance costs.

The FY2010 budget has proven to be one of the most challenging budgets staff and I have had to produce. There were many worthwhile proposals that merited inclusion in this budget, but because of our limited resources, I had to exclude funding for them from this budget.

We still have a long way to go. My proposals still require significant amounts of reserves to be used. I look forward to working with you in the coming months to work on proposals to reduce the amount of one-time dollars used in this budget. We must increase our ongoing revenues or be willing to cut ongoing expenses in order to bring this budget into better alignment with our scarce resources.

We will work together to find ways to deliver services as efficiently as possible and strive to develop opportunities for the people of South Dakota. As governor, it is my duty to convey my priorities for the use of the tax dollars the citizens of this state have entrusted to us in the coming fiscal year. This budget provides for the necessary services the citizens of this state expect us to deliver.

Sincerely,

M. Michael Rounds

TO MEMBERS OF THE 84th LEGISLATURE OF THE STATE OF SOUTH DAKOTA

The Governor's Budget Report for Fiscal Year 2010 represents our state's 120th year of a balanced budget. The report is designed to give an accurate and timely reflection of the financial conditions of the state and the proposals for spending the taxpayer's money. It culminates budget activities by the agencies and the Governor's Office which began early this summer.

The budget document contains a great deal of financial and program information, including the following: financial statements for the general fund and other funds; a history of the record of expenditures of the past two fiscal years; proposed funding by program for the coming fiscal year; statements of goals, objectives, and missions for the various programs, divisions, and departments; a listing of revenues generated by each program; and, various informational charts and graphs.

Funding for each program is presented as general funds, federal funds, and other funds. In addition, expenditures for each program are broken down into personal services and operating expenses. Staffing levels for each program are expressed in terms of full-time equivalent employees (FTEs).

It is our hope that the information contained in this book will be useful to you in your deliberations during the upcoming legislative session.

Sincerely,

Jason C. Dilges, Commissioner
Bureau of Finance and Management

TABLE OF CONTENTS

PAGE

Governor's Letter of Transmittal	
Commissioner's Letter	
Table of Contents	
Staff List	
General Fund Condition Statement	1- 3
General Fund Receipts.....	4- 7
Highway Fund Condition Statement	8
Game and Fish Fund Condition Statement	9
School and Public Lands Fund Projected Revenues for Higher Education.....	10
Higher Education Facilities Fund Cash Flow Analysis	11
General Fund Receipts and Expenditure Charts.....	12-15
Special Appropriations.....	16-18
Governor Rounds' Recommendation for State Employee Compensation	19
Total State Government Budget:	
(Excluding Information Budgets)	20
Information Budgets Contained in the General Appropriations Bill	21
(Including Information Budgets)	22
Self-Liquidating Projects	23
Executive Salaries	24-27

SOUTH DAKOTA BOARDS, COMMISSIONS, COUNCILS, AND COMMITTEES

<i>SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS AND REORGANIZATIONS.....</i>	<i>29-47</i>
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DEPARTMENTS

Department of Executive Management.....	01-1 to 01-31
Department of Revenue and Regulation	02-1 to 02-20
Department of Agriculture.....	03-1 to 03-14
Department of Tourism and State Development	04-1 to 04-11
Department of Game, Fish, and Parks	06-1 to 06-08
Department of Social Services	08-1 to 08-07
Department of Health	09-1 to 09-20
Department of Labor.....	10-1 to 10-12
Department of Transportation	11-1 to 11-03
Department of Education.....	12-1 to 12-12
Department of Public Safety.....	14-1 to 14-05
Board of Regents.....	15-1 to 15-14
Department of Military and Veterans' Affairs.....	16-1 to 16-07
Department of Corrections	18-1 to 18-16
Department of Human Services	19-1 to 19-14
Department of Environment and Natural Resources.....	20-1 to 20-05
Department of Unified Judicial System	27-1 to 27-06
Department of Legislature	28-1 to 28-05
Public Utilities Commission	26-1 to 26-02
Department of Attorney General	29-1 to 29-06
Department of School and Public Lands	30-1 to 30-03
Department of Secretary of State.....	31-1 to 31-02
Department of State Treasurer.....	32-1 to 32-05
Department of State Auditor.....	33-1 to 33-02

GENERAL INDEX

BUREAU OF FINANCE AND MANAGEMENT



BUDGET ANALYSIS TEAM

JASON C. DILGES, COMMISSIONER

COLIN R. KEELER, DIRECTOR OF FINANCIAL SYSTEMS

LIZA G. SIZER, CHIEF BUDGET ANALYST

JAMES L. TERWILLIGER, ECONOMIST

JOSHUA T. LARSON, BUDGET ANALYST

EMILY D. WARD, BUDGET ANALYST

BENJAMIN D. MERRILL, BUDGET ANALYST

RACHEL A. EDDY, BUDGET ANALYST

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2007	ACTUAL FY2008	REVISED FY2009	PROJECTED FY2010
RECEIPTS				
Sales and Use Tax	\$ 603,185,287	\$ 644,596,998	\$ 685,694,739	\$ 709,565,630
Contractor's Excise Tax	78,790,924	78,978,429	85,147,342	90,942,817
Property Tax Reduction Fund ^J	120,265,382	126,605,981	128,023,962	129,910,512 ^K
Bank Franchise Tax	50,473,895	45,433,113	37,660,593	35,106,458
Insurance Company Tax	57,282,670	60,393,960	65,710,988	69,920,420
Other ^{A, C, D, E, H, J}	169,760,821	188,092,570	186,740,412	166,045,153 ^{I, K}
One-Time Receipts	6,550,000 ^Q	6,508,132 ^R	12,815,670 ^S	2,282,002 ^T
Transfer from Property Tax Reserves ^U	4,913,211	25,650,000	26,828,755	32,375,962
Obligated Cash Carried Forward	317,535	247,214	150,957	0
TOTAL RECEIPTS	\$1,091,539,724	\$1,176,506,396	\$1,228,773,418	\$1,236,148,954
EXPENDITURES				
General Bill Excl. State Aid to Education ^{B, C, D, E, F}	\$ 729,081,925 ^O	\$ 785,303,535 ^O	\$ 822,779,722 ^O	\$ 844,881,667 ^L
State Aid to Education	328,738,055	360,436,307	387,617,722	387,688,416
Special Appropriations	12,178,439	14,533,043	10,008,647	945,938
Emergency Special Appropriations	18,800,781 ^P	13,647,334	5,715,381	0
Continuing Appropriations ^G	2,175,776	2,188,007	2,500,989	2,632,933
TOTAL EXPENDITURES	\$1,090,974,976	\$1,176,108,225	\$1,228,622,461	\$1,236,148,954
TRANSFERS				
Budget Reserve Fund ^M	\$ 317,535	\$ 247,214	\$ 150,957	\$ 0
Property Tax Reduction Fund ^N	0	0	0	0
TOTAL TRANSFERS	\$ 317,535	\$ 247,214	\$ 150,957	\$ 0
Beginning Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0
Net (Receipts less Expend./Transfers)	247,214	150,957	0	0
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund ^M	(247,214)	(150,957)	0	0
Property Tax Reduction Fund ^N	0	0	0	0
Total Obligations Against Cash	(247,214)	(150,957)	0	0
Ending Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0

SOURCE: State of South Dakota Bureau of Finance and Management

NOTE: This document was prepared on a cash basis for budgeting purposes and reflects obligations against cash. The totals may not add due to rounding.

^A Includes \$10,498,875 for FY2007, \$9,827,175 for FY2008, \$9,141,450 for FY2009, and \$8,457,825 for FY2010 and is derived from annuity contract payments.

^B Includes \$10,495,128 for FY2007, \$9,830,203 for FY2008, \$9,145,360 for FY2009, and \$8,463,595 for FY2010 as appropriated to the Bureau of Administration and to the Bureau of Finance and Management to make lease payments pursuant to the leases entered into with the South Dakota Building Authority dated December 1, 1986.

^C Includes revenue and expenditure authority due to legislation passed by the 1988 legislature allowing the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which are used to retire bonds issued to lease land in the Conservation Reserve Program with a lump sum payment in return for the annual federal government payment. The annual payments from the federal government are deposited in the general fund and used to make the Department of Game, Fish, and Parks' lease payment.

- ^D Includes revenue and expenditure authority (\$2,051,679 for FY2009 and \$2,069,657 for FY2010) due to legislation that allows the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which are used to retire revenue bonds issued for the renovation and modernization of infrastructure at Custer State Park, the renovation and modernization of fish hatchery facilities, and for the Sioux Falls Outdoor Learning Center.
- ^E Includes revenue and expenditure authority (\$703,141 for FY2009 and \$699,270 for FY2010) due to legislation passed in 2007 that allows the Board of Regents to make lease payments to the Building Authority, which is used to retire revenue bonds issued for critical maintenance and repair projects for the Board of Regents.
- ^F Includes \$2,306,300 in FY2009 and \$2,304,379 in FY2010 for the Board of Regents to make lease payments to the Building Authority for revenue bonds that were issued for science facilities, laboratory upgrades, and renovations for the Board of Regents.
- ^G Includes continuous appropriations for the payment of special assessments (SDCL 5-14-20) and fire premium tax refund (SDCL 10-44-9.1). Included in FY2009 and FY2010 is \$80,000 for payment of special assessments and \$2,420,989 and \$2,552,933, respectively, for fire premium tax refunds.
- ^H Includes \$18,787,256 in FY2007, \$18,423,005 in FY2008, and \$19,349,752 in FY2009 in interest proceeds from the Education Enhancement and Health Care Trust Funds. The market values of the Education Enhancement and Health Care Trust Funds are calculated using a 16 quarter moving average of the prior 16 quarters as of December 31st.
- ^I In FY2010, it is anticipated that no transfer will be available from interest proceeds from the Education Enhancement and Health Care Trust Funds. Due to losses in the financial markets, the trust funds are currently below their principal value. Per statute, principle can only be invaded with a $\frac{3}{4}$ majority vote from both chambers of the legislature.
- ^J SB 225, passed during the 1996 legislative session, requires that the state's proceeds from video lottery be deposited into the Property Tax Reduction Fund. In addition, the bill provides that the Commissioner of the Bureau of Finance and Management may transfer monies available from the Property Tax Reduction Fund to the general fund necessary to provide property tax relief through state aid to education. HB 1104, passed by the 2003 legislature, imposed a tax of 4% upon the gross receipts of telecommunication services. Sixty percent of the revenue collected from this tax is deposited into the Property Tax Reduction Fund. Initiated Measure 2, adopted by the voters of South Dakota in November of 2006, increased the cigarette tax on a 20 pack of cigarettes by \$1.00 and the tax on a 25 pack of cigarettes by \$1.25. In addition, the wholesale tax on other tobacco products increased from 10% to 35% of the wholesale purchase price. The tax increase became effective January 1, 2007. The Property Tax Reduction Fund (PTRF) receives a 33% share of any revenue that is generated by the tobacco tax in excess of \$35 million. The PTRF's share of the tobacco tax was \$9.0 million in FY2008 and is estimated at \$8.8 million and \$8.9 million in FY2009 and FY2010, respectively. The Health Care Tobacco Tax Fund, created by the 2007 legislature, receives a 34% share of the revenue that is generated by the tobacco tax in excess of \$35 million. The transfer from the Health Care Tobacco Tax Fund to the general fund was \$9.3 million in FY2008 and is estimated at \$9.0 million and \$9.1 million in FY2009 and FY2010, respectively, and is included in the "Other" receipts.
- ^K In FY2010, the Governor is proposing fee increases to defray the costs within state government. The recommended increases include: business registration fees within the Secretary of State; malt beverage license fees, alcohol brand registration fees, and coin laundry fees within the Department of Revenue and Regulation; various dairy licensing fees in the Department of Agriculture; vital records fees, food/lodging/campground license fees, and regulated health facility fees within the Department of Health; and parolee supervision fees within the Department of Corrections. In addition, the 2% distributor discount on cigarettes stamps is proposed to be eliminated within the Department of Revenue and Regulation. These changes are estimated to generate an additional \$3.3 million in revenue to the general fund in FY2010.
- ^L In FY2010, the Governor is proposing fee increases to reduce the general fund subsidies within various state agencies. The recommended fee increases to reduce general fund expenditures include: various fees associated with the State Fair and fees within the Agricultural Services Division of the Department of Agriculture; State Parks and Recreation Division fees within the Department of Game, Fish, and Parks; environmental and mining fees within the Department of Environment and Natural Resources; and drivers' licensing fees in the Department of Public Safety. In total, these fee increases are estimated to decrease general fund expenses by \$1.6 million in FY2010 and are incorporated in the Governor's recommended FY2010 budget.
- ^M HB 1287 provided that on July 1, 1991, \$20.0 million of the general fund ending unobligated cash balance from FY1991 be transferred into the Budget Reserve Fund. For each year thereafter, the maximum level of funds in the reserve was set at 5% of the general funds appropriated for the prior year in the General Appropriations Act, with the funding coming from any unobligated cash remaining in the general fund at the end of the fiscal year. HB 1195, passed by the 2002 legislature, changed the maximum level of funds in the reserve to 10% of the general funds appropriated for the prior year in the General Appropriations Act.
- ^N HB 1186, passed during the 1998 legislative session, transfers all remaining unobligated cash at year-end to the Property Tax Reduction Fund, after the transfer to the Budget Reserve Fund. HB 1198, passed during the 2002 legislative session, states that the Commissioner of the Bureau of Finance and Management shall transfer any unobligated cash remaining after

the transfer into the Budget Reserve Fund into the Property Tax Reduction Fund, if the amount in the Property Tax Reduction Fund does not exceed 15% of the general fund appropriations in the General Appropriations Act for the previous fiscal year.

- ° The market value of the Dakota Cement Trust Fund at the end of FY2006, FY2007, and FY2008 made available additional funds to be spent for education enhancement in FY2007, FY2008, and FY2009. Legislation was passed revising the FY2007 and FY2008 General Appropriations Act by spending an additional \$571,476 and \$1,184,338 for South Dakota Opportunity Scholarships in FY2007 and FY2008. In FY2009, the Governor is recommending to revise the General Appropriations Act by spending an additional \$1,522,942 for South Dakota Opportunity Scholarships.
- ° SB 218, passed by the 2007 legislature, appropriated \$12.0 million in general funds to the Custer State Park Improvement Fund for the renovation and modernization of state park facilities and infrastructure at Custer State Park. This bill allows the Department of Game, Fish, and Parks to work with the South Dakota Building Authority to take advantage of issuing tax exempt bonds to repay the same amount to the general fund. The reimbursement to the general fund must be within four years of the appropriation or as determined by the legislature.
- ° SB 209, passed by the 2006 legislature, transferred \$3.8 million from the Technology Fund to the general fund and \$2.75 million from the Highway Fund to the general fund.
- ° HB 1281, passed by the 2007 legislature, transferred \$1.0 million from the Petroleum Release Compensation Fund, \$0.5 million from the Video Lottery Operating Fund, \$1.0 million from Telecommunications Relay Service Fund, and \$4.0 million from the Budgetary Accounting Fund to the general fund.
- ° SB 203, passed by the 2008 legislature, transferred \$6.0 million plus interest from the Custer State Park Improvement Fund for partial repayment of the appropriation from SB 218, passed by the 2007 legislature, \$2.5 million from the tobacco prevention and reduction trust fund, \$1.5 million from the Private Activity Bond Fee Fund, \$1.0 million from the Telecommunications Relay Service Funds, and \$1.0 million from the Prison Industries Revolving Fund.
- ° One-time receipts in FY2010 include \$2.3 million from the Custer State Park Improvement Fund for partial repayment of the appropriation from SB 218, passed by the 2007 legislature.
- ° In FY2007 and FY2008, \$4.9 million and \$25.7 million, respectively, was transferred from Property Tax Reserves to the general fund to balance the budget. In FY2009 and FY2010, it is projected that \$26.8 million and \$32.4 million in one-time receipts from the Property Tax Reduction Fund will need to be transferred to the general fund to balance the budget.

GENERAL FUND RECEIPTS

	ACTUAL FY2007	ACTUAL FY2008	PROJECTED FY2009	PROJECTED FY2010
CONTINUING RECEIPTS				
Sales and Use Tax	\$ 603,185,287	\$ 644,596,998	\$ 685,694,739	\$ 709,565,630
Contractor's Excise Tax	78,790,924	78,978,429	85,147,342	90,942,817
Alcohol Beverage Tax	9,060,024	9,288,562	9,623,452	9,975,003
Alcohol Beverage 2% Wholesale Tax	1,125,604	1,212,155	1,309,409	1,380,726
Cigarette Tax	30,000,000	30,000,000	30,000,000	30,000,000
Bank Franchise Tax	50,473,895	45,433,113	37,660,593	35,106,458
Insurance Company Tax	57,282,670	60,393,960	65,710,988	69,920,420
Inheritance and Estate Tax	402,664	104,711	0	0
Licenses, Permits, and Fees	39,189,490	40,791,607	41,276,046	41,467,033
Investment Income and Interest	13,278,125	16,299,255	15,440,276	13,758,975
Charges for Goods and Services	14,488,998	16,726,952	15,072,713	15,385,181
Net Transfers In	9,237,431	20,119,164	20,256,282	21,685,340
Trust Funds	31,358,732	31,607,343	32,872,694	12,000,000
Severance Taxes	3,123,800	4,074,627	4,686,488	4,844,231
Unexpended Carryovers	959,385	352,827	0	0
Lottery	5,879,476	6,533,644	6,788,076	7,055,230
Property Tax Reduction Fund	120,265,382	126,605,981	128,023,962	129,910,512
Sale-Leaseback	10,498,875	9,827,175	9,141,450	8,457,825
CRP Program	1,158,220	1,154,547	273,526	35,609
SUBTOTAL (CONTINUING RECEIPTS)	\$1,079,758,979	\$1,144,101,050	\$1,188,978,036	\$1,201,490,990
ONE-TIME RECEIPTS				
Transfer from Telecommunications Relay Service	\$ 0	\$ 1,000,000	\$ 1,000,000	\$ 0
Transfer from Custer State Park Improvement Fund	0	0	6,325,898	2,282,002
Transfer from Private Activity Bond Fee Fund	0	0	1,500,000	0
Transfer from Prison Industries Revolving Fund	0	0	1,000,000	0
Transfer from Tobacco Prev. and Red. Trust Fund	0	0	2,500,000	0
Transfer from Budgetary Accounting Fund	0	4,008,132	0	0
Transfer from Petroleum Release Fund	0	1,000,000	0	0
Refinancing Gains	0	0	489,772	0
Transfer from Video Lottery Fund	0	500,000	0	0
Transfer from Highway Fund	2,750,000	0	0	0
Transfer from Technology Fund	3,800,000	0	0	0
Transfer from Property Tax Reserves	4,913,211	25,650,000	26,828,755	32,375,962
Obligated Cash Carried Forward	317,535	247,214	150,957	0
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 11,780,746	\$ 32,405,346	\$ 39,795,382	\$ 34,657,964
GRAND TOTAL	\$1,091,539,724	\$1,176,506,396	\$1,228,773,418	\$1,236,148,954

NOTE: The totals may not add due to rounding.

EXPLANATION OF CONTINUING GENERAL FUND RECEIPTS

Sales and Use Tax (SDCL 10-45 and 10-46): A tax of 4% is imposed upon the gross receipts from selling, leasing, and renting tangible personal property and the sale of services. Starting January 1, 2006, all items subject to the state sales tax are taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. SB 262, passed by the 1994 legislature, created the Sales and Use Tax Fund into which a portion of the sales tax is deposited to cover the Department of Revenue and Regulation's cost of administering the tax. SB 63, passed by the 2003 legislature, broadened the sales tax to include interstate telecommunication services. HB 1081, passed by the 2006 legislature, exempted maintenance items used on agricultural machinery and equipment from the sales and use tax. HB 1154, passed by the 2006 legislature, imposed an excise tax of 4% on the gross receipts from the sale of farm machinery, farm attachment units, and irrigation equipment. Municipal tax no longer applies to these sales. HB 1151, passed by the 2007 legislature, exempted bullion and coins from the sales tax.

Contractor's Excise Tax (SDCL 10-46A and 10-46B): An excise tax of 2% is imposed on the gross receipts of all prime contractors on construction projects. Subcontractor's gross receipts are not subject to the 2% tax if subcontractors are furnished a valid prime contractor's exemption certificate by the prime contractor for each specific job performed. The gross receipts of both prime contractors and subcontractors providing construction services or realty improvement projects for qualifying utilities are subject to a 2% excise tax.

Alcohol Beverage Tax (SDCL 35-5): This tax is computed and levied on all alcoholic beverages purchased, received, or imported from a distiller, manufacturer, or foreign wholesaler for sale to a retail dealer. The taxation rates are as follows: 1) \$8.50 per 31 gallon barrel (or a prorata share thereof) on malt beverages; 2) all light wines and diluted beverages (except sparkling wines and cider) having more than 3.2% and not more than 14% alcohol by weight, 93¢ per gallon; 3) all wines (except sparkling wines) having more than 14% and not more than 20% alcohol by weight, \$1.45 per gallon; 4) all wines (except sparkling wines) having more than 20% and not more than 24% alcohol by weight, and all sparkling wines containing alcohol, \$2.07 per gallon; 5) all cider having not more than 10% alcohol by weight, 28¢ per gallon; and, 6) all other alcoholic beverages, \$3.93 per gallon. The state receives 75% of the total tax collected, and 25% of the collections are returned to the municipalities.

Alcohol Beverage 2% Wholesale Tax (SDCL 35-5-6.1): This tax is in addition to the tax imposed by SDCL 35-5-3, and is levied at the rate of 2% of the purchase price upon the purchase of alcoholic beverages, except malt beverages, by a wholesaler from a distiller, manufacturer, or supplier.

Cigarette Tax (SDCL 10-50): HB 1297, passed by the 1995 legislature, increased the cigarette tax from 23¢ to 33¢ per pack and imposed a tax upon all tobacco products at the rate of 10% of the wholesale purchase price, beginning in FY1996. HB 1147, passed by the 2003 legislature, increased the cigarette tax from 33¢ per pack to 53¢ per pack. This tax rate became effective in March 2003. In November 2006, the voters of South Dakota adopted Initiated Measure 2 which increased the cigarette tax on a 20 pack of cigarettes from \$0.53 per pack to \$1.53 per pack and the tax on other tobacco products from 10% of the wholesale purchase price to 35% of the wholesale purchase price. The tax increase became effective January 1, 2007. The first \$30 million generated from this tax is deposited into the general fund. The next \$5 million collected annually shall be deposited in the tobacco prevention and reduction trust fund. Any tobacco tax revenue in excess of \$35 million is divided among the property tax reduction fund (33% share), the education enhancement tobacco tax fund (33% share), and the health care tobacco tax fund (34% share).

Bank Franchise Tax (SDCL 10-43): An annual tax is imposed on banks, financial institutions, and savings and loan associations based upon net income assignable to South Dakota. The tax rates are as follows: 1) 6% on net income of \$400 million or less; 2) 5% on net income exceeding \$400 million but equal to or less than \$425 million; 3) 4% on net income exceeding \$425 million but equal to or less than \$450 million; 4) 3% on net income exceeding \$450 million but equal to or less than \$475 million; 5) 2% on net income exceeding \$475 million but equal to or less than \$500 million; 6) 1% on net income exceeding \$500 million but equal to or less than \$600 million; 7) 0.5% on net income exceeding \$600 million but equal to or less than \$1.2 billion; and, 8) 0.25% on net income exceeding \$1.2 billion. Ninety-five percent of the taxes paid by banks organized under SDCL 51A-2-38 to 51A-2-43 are deposited in the general fund, and 5% of the taxes collected are returned to the county where the bank or financial institution is located. Twenty-six and two-thirds percent of all other revenues collected from the tax are deposited in the general fund, and 73 1/3% are remitted to the county where the bank or financial institution is located.

Insurance Company Tax (SDCL 10-44): A tax of 2.5% of premiums on policies insuring risks located in South Dakota is imposed on insurance companies. In addition, the insurer must also pay a tax of 0.5% of the gross premium receipts on all fire insurance business done in the state. The tax imposed on insurance companies for life insurance policies is 2.5% of premiums on the first \$100,000 of annual life premiums per policy, and 0.08% for that portion of the annual life premiums per policy exceeding \$100,000. A life insurance policy (other than credit life as defined in SDCL 58-19) of a face amount of \$7,000 or less is taxed at the rate of 1.25% of premiums. The tax imposed on insurance companies for annuities is 1.25% of the consideration for annuity contracts on the first \$500,000 of annual consideration per annuity contract, and 0.08% for that portion of the annual consideration per annuity contract exceeding \$500,000. Farm mutual insurers and fraternal benefit societies are exempt from insurance company taxes.

Inheritance and Estate Tax (SDCL 10-40 and 10-40A): Amendment C, passed by the voters in November 2000, repealed the inheritance tax effective July 1, 2001. The inheritance tax was imposed upon the inheritance of an heir and the rate varied according to the amount inherited and the relationship between the deceased and the heir. The estate tax is imposed upon estates subject to the federal estate tax. The tax is equal to the credit on the federal tax return for state estate taxes. The state estate tax has no effect on the total amount of tax paid by a deceased person's estate. Ninety percent of the tax is deposited in the general fund, and 10% is remitted to the deceased person's county. Beginning in FY2009 any additional Inheritance and Estate Tax collected will be included in the Charges for Goods and Services category.

Licenses, Permits, and Fees: This receipt classification includes revenues received from the sales of a broad variety of licenses, permits, and filing fees that are assessed to defray administrative costs. State agencies collecting these revenues include the Departments of Agriculture, Health, Labor, Public Safety, Social Services, Revenue and Regulation, the Unified Judicial System, and the Secretary of State.

Investment Income and Interest: Revenues included in this category are from interest and the investment earnings of the general fund and nonparticipating funds in the cash flow fund.

Charges for Goods and Services: Receipts included in this category are from charges made by institutions under the Department of Human Services; audit charges made by the Auditor General to state and local governments; child support collections paid back to the state received by the Department of Social Services; funds received from unclaimed property; 35% of fines, penalties, and forfeitures collected on county, township, or municipal offenses; and, other miscellaneous charges. Also, beginning in FY2009, any receipts from the Inheritance and Estate Tax will be included in the Charges for Goods and Services category.

Net Transfers In: Receipts included in this category are general fund reimbursements by the Highway Fund; receipts from the Department of Game, Fish, and Parks; the Motor Vehicle Fund; the state's share of the Deadwood gaming revenue; the transfer from the Health Care Tobacco Tax Fund; lease payments to retire revenue bonds from various state agencies; and, other miscellaneous receipts.

Trust Funds (SDCL 4-5-29.1, SDCL 4-5-29.2, and Article 13, Section 20 and 21 of the State Constitution): Receipts included in this category are transfers from the Health Care Trust Fund, the Education Enhancement Trust Fund, and the Dakota Cement Trust Fund. Four percent of the market value is transferred from the Health Care Trust Fund and the Education Enhancement Trust Fund to the general fund as long as the principal of the trust funds is not invaded. The earnings from the Health Care Trust Fund are to be used for health care related programs, and the earnings from the Education Enhancement Trust Fund are to be used for education enhancement programs. Each fiscal year, a transfer of \$12 million is made from the Dakota Cement Trust Fund to the general fund. Other than this transfer, the original principal of the trust fund is to remain intact. However, the legislature shall, by appropriation, make distributions from the difference between the \$12 million annual transfer and 5% of the market value of the trust fund for the support of education, but not for the replacement of state aid to general education or special education, if the increase in the market value of the trust fund is sufficient to maintain the original principal of the trust fund after such distributions. Beginning with the FY2008 distribution, the market values of the Education Enhancement and Health Care Trust Funds are calculated using a 16-quarter moving average market value as of December 31st.

Severance Taxes (SDCL 10-39 and 10-39A): A severance tax is imposed at the rate of \$4 per ounce of gold severed in South Dakota. In addition, there is a tax of 10% of the net profits from the sale of precious metals severed. For persons severing precious metals that were in business in the state prior to January 1, 1981, 100% of the revenues collected are deposited in the general fund. For persons permitted on or after January 1, 1981, for the purpose of severing precious metals, 80% of the revenues collected are deposited in the general fund, and 20% are remitted to the county in which the precious metals were severed. Owners or operators of energy minerals must pay a tax equal to 4.5% of the taxable value of any energy minerals severed. One-half of the energy mineral severance taxes received are returned to the county where the energy minerals were severed, and one-half are credited to the general fund.

Unexpended Carryovers: Unexpended balances that revert to the general fund from prior years for special appropriations and emergency special appropriations are reflected in receipts as unexpended carryovers.

Lottery (SDCL 42-7A): Receipts under this classification include the general fund's share of revenues from the sale of instant and on-line lottery tickets. All of the net proceeds from the sale of instant lottery tickets are deposited in the general fund. The first \$1.4 million of the net proceeds from the sale of on-line lottery tickets are deposited in the general fund, and the remaining net proceeds are deposited in the Capital Construction Fund.

Property Tax Reduction Fund: The Property Tax Reduction Fund (PTRF) was created to fund property tax relief in South Dakota. SB 225, passed during the 1996 legislative session, provides that the Commissioner of the Bureau of Finance and Management may transfer monies available from the PTRF to the general fund to provide property tax relief through state aid to education. Revenues deposited in the PTRF come from four sources: 1) 49.5% of video lottery net machine income; 2) 60% of the revenue from the 4% tax on the gross receipts of telecommunication services, which was imposed by HB 1104 passed by the 2003 legislature; 3) 33% share of revenue generated from the tobacco tax in excess of \$35 million; and, 4) unobligated cash remaining at the end of a fiscal year after the transfer into the Budget Reserve Fund, if the amount in the PTRF does not exceed 15% of the general fund appropriations in the General Appropriations Act for the previous fiscal year.

Sale-Leaseback: Receipts under this classification are derived from the annuity contract purchased with the proceeds from the sale of certificates of participation associated with the December 1986 sale-leaseback transaction.

CRP Program: Receipts under this classification are derived from federal Conservation Reserve Program payments that farmers signed over to the state in exchange for lump sum payments.

EXPLANATION OF ONE-TIME GENERAL FUND RECEIPTS

Transfer from Telecommunication Funds (FY2008 and FY2009): This represents a one-time transfer from the telecommunication relay service funds for the deaf and other disabilities to the general fund to help cover the budget shortfall in FY2008 and FY2009.

Transfer from Custer State Park Improvement Fund (FY2009 and FY2010): This represents partial repayment to the general fund of the \$12 million appropriation from SB 218, passed by the 2007 legislature. SB 203, passed by the 2008 legislature, transferred \$6.0 million plus interest from the Custer State Park Improvement Fund to the general fund and in FY2010, \$2.2 million plus interest is recommended to be transferred to the general fund.

Transfer from Private Activity Bond Fee Fund (FY2009): SB 203, passed by the 2008 legislature, transferred \$1.5 million from the private activities bond fee fund to the general fund.

Transfer from the Tobacco Prevention and Reduction Trust Fund (FY2009): SB 203, passed by the 2008 legislature, transferred \$2.5 million from the tobacco prevention and reduction trust fund to the general fund.

Transfer from Prison Industries Revolving Fund (FY2009): SB 203, passed by the 2008 legislature, transferred \$1.0 million from the prison industries revolving fund to the general fund.

Refinancing Gains (FY2009): This represents refunding gains from the South Dakota Health and Educational Facilities Authority and the South Dakota Building Authority by refinancing bonds.

Transfer from Budgetary Accounting Fund (FY2008): HB 1281, passed by the 2007 legislature, transferred \$4.0 million from the budgetary accounting fund to the general fund.

Transfer from Petroleum Release Compensation Fund (FY2008): HB 1281, passed by the 2007 legislature, transferred \$1.0 million from the petroleum release compensation fund to the general fund.

Transfer from Video Lottery Fund (FY2008): HB 1281, passed by the 2007 legislature, transferred \$0.5 million from the Video Lottery Operating Fund to the general fund.

Transfer from the Highway Fund (FY2007): SB 209, passed by the 2006 legislature, transferred \$2.8 million from the Highway Fund to the general fund.

Transfer from Technology Fund (FY2007): SB 209, passed by the 2006 legislature, transferred \$3.8 million from the Department of Education's Technology Fund to the general fund.

Transfer from Property Tax Reserves: SB 225, passed during the 1996 legislative session, gave the Commissioner of the Bureau of Finance and Management the authority to transfer monies available from the Property Tax Reduction Fund to the general fund to provide property tax relief through state aid to education. In FY2007 and FY2008, \$4.9 million and \$25.7 million, respectively, was transferred from the Property Tax Reserves to the general fund to cover the budget shortfalls in those years. In FY2009 and FY2010, it is projected that \$26.8 million and \$32.4 million, respectively, in one-time receipts from the Property Tax Reduction Fund will need to be transferred to the general fund to balance the budget.

Obligated Cash Carried Forward: This is the amount of prior year cash carried forward to meet obligations that existed at the end of the previous year. In FY2007, FY2008, and FY2009 \$0.3 million, \$0.2 million, and \$0.2 million, respectively, was carried forward and transferred to the Budget Reserve Fund.

**SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION
HIGHWAY FUND CONDITION STATEMENT**

	ACTUAL FY2007	ACTUAL FY2008	PROJECTED FY2009	PROJECTED FY2010
Taxes	172,355,772	182,667,749	175,206,221	178,037,270
Motor Fuel Tax	116,177,453	120,992,515	117,426,433	119,494,314
3% Vehicle Excise Tax	56,178,319	61,675,234	57,779,788	58,542,956
Licenses, Permits & Fees	3,542,706	4,064,827	3,436,149	3,594,063
Logo Sign Fees	264,996	280,234	286,110	275,000
Tourist Oriented Directional Signs	42,516	43,751	40,000	40,000
Billboard Permits	50,881	50,076	57,222	50,000
Commercial Proration License Fees	247,350	278,565	252,817	250,000
Special Highway Permits	2,812,184	3,306,019	2,700,000	2,869,063
Miscellaneous Prorate Fees	124,778	106,182	100,000	110,000
Rev/Use of Money/Property	2,484,358	1,601,455	1,859,053	2,363,345
Dividends & Interest	1,638,146	555,313	1,000,000	1,202,292
Rent	69,011	63,624	60,000	62,000
Interest Collected by Dept. of Rev.	439,401	576,033	350,000	650,000
Federal	337,799	406,484	449,053	449,053
Charges for Sales & Services	2,127,143	2,056,803	1,523,000	1,775,000
Sales & Service	2,085,046	2,056,803	1,523,000	1,775,000
Administered Program Revenues	256,512,991	204,499,752	284,165,000	280,475,000
Project Reimbursements	3,760,919	3,289,310	7,690,000	4,000,000
Federal	252,752,072	201,210,442	276,475,000	276,475,000
Other Revenues	1,305,418	1,334,527	1,751,390	1,300,000
Misc. Collections	36,999	47,920	20,000	40,000
Sales of Salvage Materials	0	0	28,091	0
Depreciation Recovery	1,038,488	1,060,420	1,250,000	1,000,000
Damage Collections	229,533	226,050	442,895	250,000
Other Revenue	398	136	10,404	10,000
Nonoperating Revenues	14,431,242	8,958,001	8,413,854	8,307,130
Highway Patrol	63,813	301,029	192,895	225,000
Accident Records	24,154	23,550	23,000	25,000
TOTAL REVENUE	\$452,759,629	\$405,183,114	\$476,354,667	\$476,101,808
Salaries	39,775,546	40,532,238	43,575,151	45,575,693
Benefits	10,785,286	11,390,203	12,475,648	13,101,404
Travel	1,776,403	1,614,881	1,908,610	2,065,421
Contractual Services	17,678,560	16,124,582	18,804,158	20,917,870
Supplies	18,627,731	20,326,346	19,019,250	25,591,867
Grants	12,397,254	11,951,303	16,190,520	20,100,334
Capital Outlay	21,393,885	16,713,496	18,732,954	20,435,365
Other	5,700	981	0	0
Transfers Out	4,302,607	1,125,987	1,033,269	1,033,269
Public Safety	17,468,916	17,056,576	16,911,341	18,452,422
Radio Communications	1,983,791	2,018,808	2,079,972	2,359,883
Governors Office	88,692	91,353	93,637	96,446
Highway Construction Contracts	325,613,920	228,250,085	306,923,051	296,923,051
Maintenance Contracts	15,829,300	16,472,682	18,022,785	18,025,063
TOTAL EXPENDITURES	\$487,727,593	\$383,669,521	\$475,770,346	\$484,678,088
NET CHANGE (Pay/Rec)	\$8,393,018	(\$302,992)	\$0	\$0
PRIOR PERIOD ADJUSTMENT	\$0	(\$200,699)	\$0	\$0
NET (Receipts less Disbursements)	(\$34,967,964)	\$21,513,593	\$584,321	(\$8,576,281)
BEGINNING CASH BALANCE	\$46,929,696	\$20,354,750	\$41,766,051	\$42,350,372
NET CHANGE IN FUND BALANCE	(\$26,574,946)	\$21,411,301	\$584,321	(\$8,576,281)
ENDING CASH BALANCE	\$20,354,750	\$41,766,051	\$42,350,372	\$33,774,091

**SOUTH DAKOTA DEPARTMENT OF GAME, FISH, AND PARKS
GAME AND FISH FUND CONDITION STATEMENT**

	ACTUAL FY2007	ACTUAL FY2008	PROJECTED FY2009	PROJECTED FY2010
Licenses, Permits & Fees	27,177,595	27,732,579	29,726,895	30,335,110
Rev/Use of Money/Property	872,717	1,575,870	795,000	795,000
Charges for Sales & Services	264,892	403,265	275,000	275,000
Administered Program Revenues	10,514,921	12,117,359	10,785,439	9,885,439
Other Revenues	136,444	211,461	0	0
Nonoperating Revenues	1,540,989	734,528	0	0
TOTAL REVENUE	\$40,507,556	\$42,775,062	\$41,582,334	\$41,290,549
Salaries	9,945,292	10,298,407	11,021,180	11,462,027
Benefits	2,891,382	3,010,036	3,078,681	3,201,828
Travel	596,141	649,435	680,670	680,670
Contractual Services	9,980,860	10,310,952	10,736,739	13,630,221
Supplies	2,608,432	2,773,048	3,086,840	3,069,527
Grants	1,641,990	1,925,048	2,572,442	2,569,597
Capital Outlay	5,400,277	3,100,352	5,272,634	4,076,825
Other	3,869	22,883	2,000	2,000
Operating Transfers Out	6,917,000	6,335,179	5,283,598	5,283,598
Encumbrances			685,116	0
2nd Year Development			2,801,301	0
TOTAL EXPENDITURES	\$39,985,244	\$38,425,342	\$45,221,201	\$43,976,293
NET (Receipts less Disbursements)	\$522,312	\$4,349,720	(\$3,638,867)	(\$2,685,744)
BEGINNING CASH BALANCE	\$24,424,297	\$24,776,956	\$29,129,222	\$25,490,355
ENDING CASH BALANCE	\$24,946,609	\$29,126,676	\$25,490,355	\$22,804,611
Adjustments	(\$169,652)	\$2,546		
ENDING BALANCE	\$24,776,956	\$29,129,222	\$25,490,355	\$22,804,611
Rapid City Outdoor Campus	6,000,000	9,000,000	12,500,000	12,500,000
Missouri River Transition	8,097,450	7,124,857	3,087,458	598,033
Homestake Mining Settlement	183,288	227,325	87,623	90,000
ADJUSTED BALANCE	\$10,496,218	\$12,777,041	\$9,815,274	\$9,616,577

By law, revenue generated by license sales and other miscellaneous sources is dedicated for specific services which are delivered by programs in the Division of Wildlife. Current law authorizes the Game, Fish and Parks Commission to appropriate and expend revenue receipted into this fund. A detailed annual report is available upon request to the Department of Game, Fish and Parks, Foss Building, Pierre, SD 57501.

Revenue estimates for FY2009 and FY2010 represent calendar year estimates instead of fiscal year estimates. Historically, the Game, Fish and Parks Commission has to rely solely on the revenue generated to the Game, Fish and Parks Fund to fund the activities it is charged with. In order to have adequate management information to react to license sales and their effect on funding available, the Commission established the calendar year revenue budget. At the end of a calendar year the Commission has sufficient information on license sales to determine if adjustments to the budget are necessary to maintain solvency.

Each year an amount designated in the General Appropriations Bill for the use of the State Radio Network is transferred from this fund to the General Fund. Other transfers consist of the fund's support for the Division of Administration, the Animal Damage Control Fund, and the Land Acquisition Fund.

**SCHOOL AND PUBLIC LANDS FUND -- PROJECTED REVENUES FOR HIGHER EDUCATION
NOVEMBER 2008**

	BHSU	DSU	NSU	SDSMT	SDSU	USD	TOTAL UNIVERSITIES	AG. EXP.	SDSD	SDSBVI	SYSTEM TOTAL
FY08 Beg. Cash Balance	1,488.79	50.23	96.08	50.22	3,568.64	5,012.07	10,266.03	60,248.34	97,959.00	28,548.41	197,021.78
Interest Proration	62,644.77	62,518.60	73,331.21	64,155.69	180,160.58	108,835.15	551,646.00	59,092.66	48,254.56	31,258.97	690,252.19
Payments/Surface Leasing & CRP	87,582.29	87,582.33	86,931.60	50,919.28	298,831.28	97,013.27	708,860.05	0.00	32,235.68	52,535.42	793,631.15
Mineral Monies	23,289.23	23,289.23	23,292.38	17,468.78	69,863.63	37,588.32	194,791.57	10,918.77	17,468.76	10,917.61	234,096.71
Siesmic Exploration				0.00			0.00				0.00
Timber Income							0.00				0.00
Proj. Interest on Deferred	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue Available	173,516.29	173,390.16	183,555.19	132,543.75	548,855.49	243,436.74	1,455,297.62	70,011.43	97,959.00	94,712.00	1,717,980.05
Total Cash Available:	175,005.08	173,440.39	183,651.27	132,593.97	552,424.13	248,448.81	1,465,563.65	130,259.77	195,918.00	123,260.41	1,915,001.83
Actual FY08 Expenditures	(173,360.00)	(173,360.00)	(183,393.00)	(130,192.52)	(548,451.00)	(236,041.00)	(1,444,797.52)	(77,245.00)	0.00	(91,193.92)	(1,613,236.44)
FY08 Unobligated Ending Cash	1,645.08	80.39	258.27	2,401.45	3,973.13	12,407.81	20,766.13	53,014.77	195,918.00	32,066.49	301,765.39
FY09 Beg. Cash Balance	1,645.08	80.39	258.27	2,401.45	3,973.13	12,407.81	20,766.13	53,014.77	195,918.00	32,066.49	301,765.39
Proj. FY09 Interest Proration	62,644.77	62,518.60	73,331.21	66,985.17	180,160.58	108,835.15	554,475.48	59,092.66	48,254.56	31,258.97	693,081.67
Payments/Surface Leasing & CRP	87,582.29	87,582.33	86,931.60	50,919.28	298,831.28	97,013.27	708,860.05	0.00	32,235.68	52,535.42	793,631.15
Proj. FY09 Mineral Monies	23,289.23	23,289.23	23,292.38	17,468.78	69,863.63	37,588.32	194,791.57	10,918.77	17,468.76	10,917.61	234,096.71
Siesmic Exploration				0.00			0.00				0.00
Timber Income							0.00				0.00
Proj. FY09 Interest on Deferred	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Projected Revenue for FY09	173,516.29	173,390.16	183,555.19	135,373.23	548,855.49	243,436.74	1,458,127.10	70,011.43	97,959.00	94,712.00	1,720,809.53
Total Cash Available:	175,161.37	173,470.55	183,813.46	137,774.68	552,828.62	255,844.55	1,478,893.23	123,026.20	293,877.00	126,778.49	2,022,574.92
Projected FY09 Expenditures	(175,161.37)	(173,470.55)	(183,813.46)	(137,774.68)	(552,828.62)	(255,844.55)	(1,478,893.23)	(123,026.20)	(293,877.00)	(126,778.49)	(2,022,574.92)
FY09 Unobligated End Cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY10 Beg. Cash Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proj. FY10 Interest Proration	62,488.48	62,488.44	73,169.02	64,633.94	179,756.09	108,834.41	551,370.38	59,592.23	48,254.56	34,776.97	693,994.14
Payments/Surface Leasing & CRP	87,582.29	87,582.33	86,931.60	50,919.28	298,831.28	97,013.27	708,860.05	0.00	32,235.68	52,535.42	793,631.15
Proj. FY10 Mineral Monies	23,289.23	23,289.23	23,292.38	17,468.78	69,863.63	37,588.32	194,791.57	10,918.77	17,468.76	10,917.61	234,096.71
Siesmic Exploration				0.00			0.00				0.00
Timber Income							0.00				0.00
Proj. FY10 Interest on Deferred	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Projected Revenue for FY10	173,360.00	173,360.00	183,393.00	133,022.00	548,451.00	243,436.00	1,455,022.00	70,511.00	97,959.00	98,230.00	1,721,722.00
Total Cash Available:	173,360.00	173,360.00	183,393.00	133,022.00	548,451.00	243,436.00	1,455,022.00	70,511.00	97,959.00	98,230.00	1,721,722.00
Projected FY10 Expenditures	(173,360.00)	(173,360.00)	(183,393.00)	(133,022.00)	(548,451.00)	(243,436.00)	(1,455,022.00)	(70,511.00)	(97,959.00)	(98,230.00)	(1,721,722.00)
FY10 Unobligated End Cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

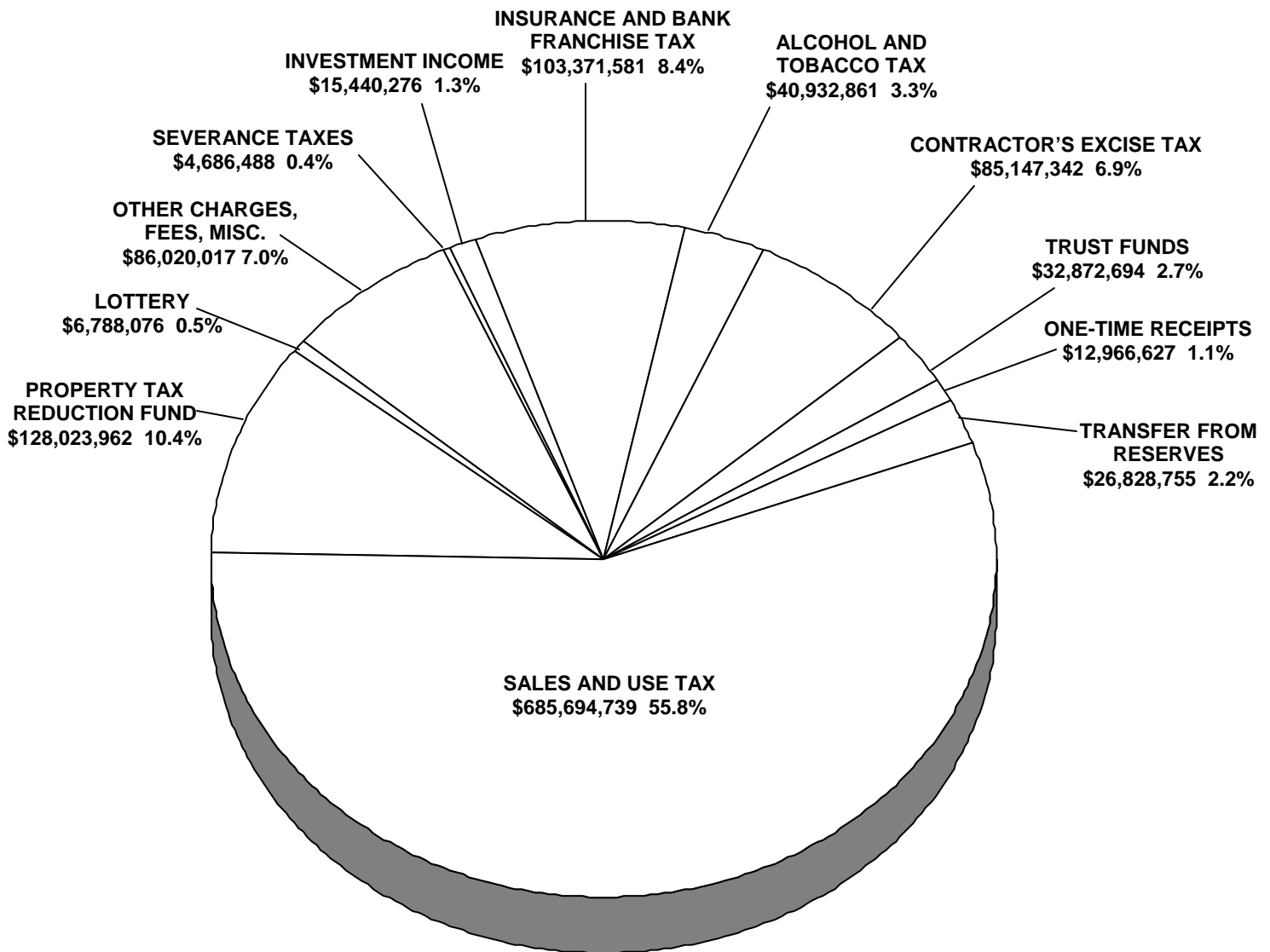
HIGHER EDUCATION FACILITIES FUND CASH FLOW ANALYSIS
NOVEMBER, 2008

<u>Fiscal Year</u>	<u>Beginning Balance July</u>	<u>Net 20% Tuition</u>	<u>Interest Revenue</u>	<u>Total Revenue</u>	<u>FY M&R Expenditures</u>	<u>Lease Payment</u>	<u>Total Expenditures</u>	<u>Obligated Unexpended</u>	<u>Ending Cash</u>	<u>Unobligated Funds</u>
2008	12,007,593	13,791,375	596,820	14,388,195	6,619,135	8,230,782	14,849,917	4,111,984	11,545,871	7,433,887
2009	11,545,871	14,205,116	377,355	14,582,472	10,272,046	9,761,972	20,034,018	0	6,094,325	6,094,325
2010	6,094,325	14,631,270	323,773	14,955,043	6,418,247	9,447,879	15,866,126	0	5,183,242	5,183,242
2011	5,183,242	15,070,208	287,330	15,357,537	6,694,933	10,246,884	16,941,818	0	3,598,962	3,598,962
2012	3,598,962	15,522,314	223,958	15,746,272	7,710,875	9,533,404	17,244,279	0	2,100,955	2,100,955
2013	2,100,955	15,987,983	164,038	16,152,022	8,005,555	9,086,406	17,091,961	0	1,161,016	1,161,016
2014	1,161,016	16,467,623	126,441	16,594,063	8,312,023	8,477,061	16,789,084	0	965,996	965,996
2015	965,996	16,961,652	118,640	17,080,291	8,630,749	8,481,107	17,111,856	0	934,431	934,431
2016	934,431	17,470,501	117,377	17,587,878	8,962,224	8,475,123	17,437,347	0	1,084,962	1,084,962
2017	1,084,962	17,994,616	123,398	18,118,015	9,306,958	8,086,718	17,393,677	0	1,809,301	1,809,301
2018	1,809,301	18,534,455	152,372	18,686,827	9,665,482	8,092,269	17,757,751	0	2,738,376	2,738,376
2019	2,738,376	19,090,488	189,535	19,280,023	10,038,347	8,088,081	18,126,428	0	3,891,971	3,891,971
2020	3,891,971	19,663,203	235,679	19,898,882	10,426,126	8,080,237	18,506,363	0	5,284,490	5,284,490

Notes:

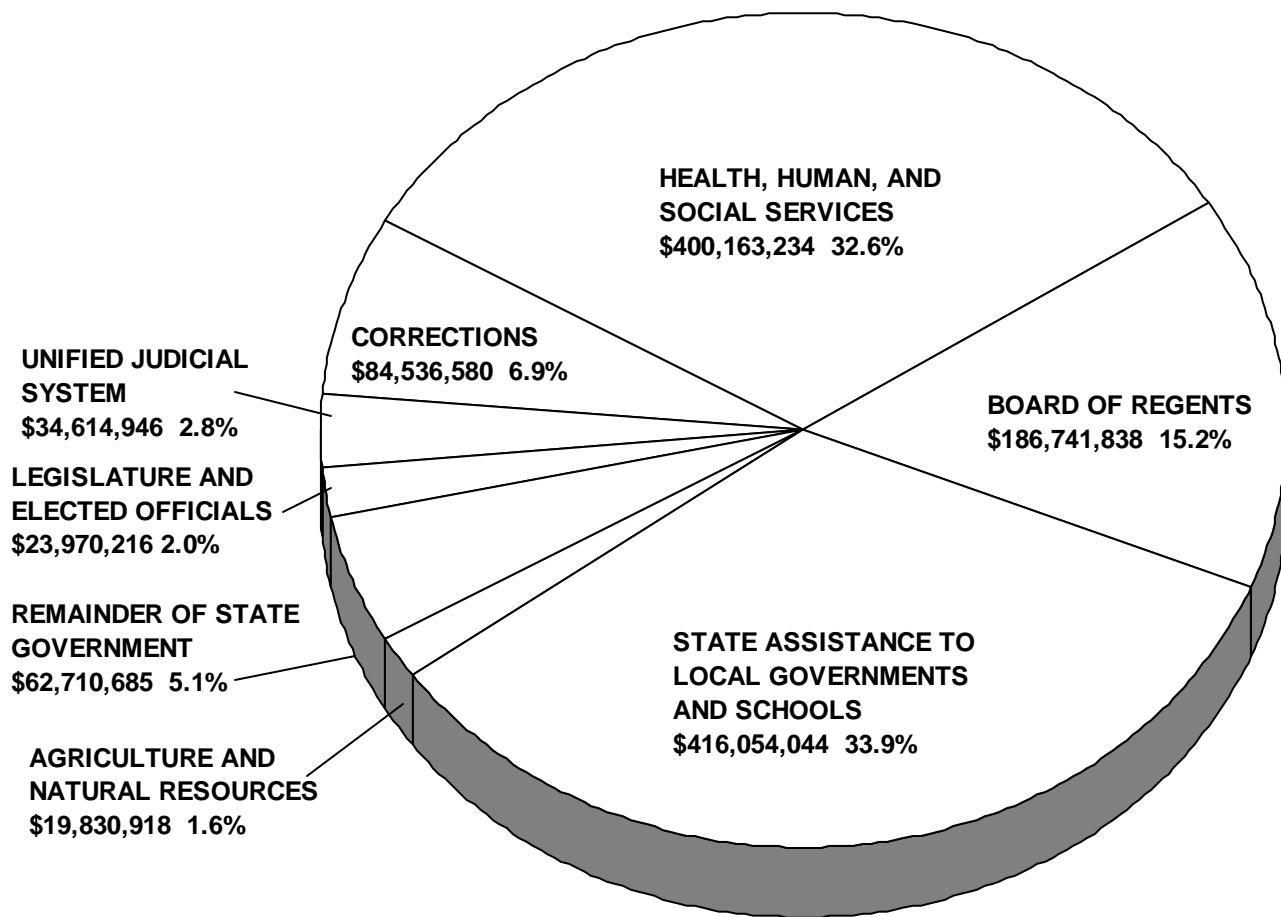
1. Assumes a 4.0% interest calculation based on the ending cash balance plus \$2,000,000 for unexpended M&R funds.
2. Assumes stable enrollments and an annual tuition increase of 3%.
3. Includes an annual inflationary growth to the M&R project funding equal to 4%
4. Lease payments include the M&R bond payment and the Sioux Falls Center rent starting in FY01.
5. Lease payment for M&R bond is satisfied in 2011 so the 2012 M&R allocation increases by previous M&R bond lease payment amount.
6. Bond debt will increase by \$10.6 in 2009 to fund the Simulation Center and by \$11.4 in 2011 to fund projects on the 2005 ten-year plan.

FY 2009 GENERAL FUND RECEIPTS



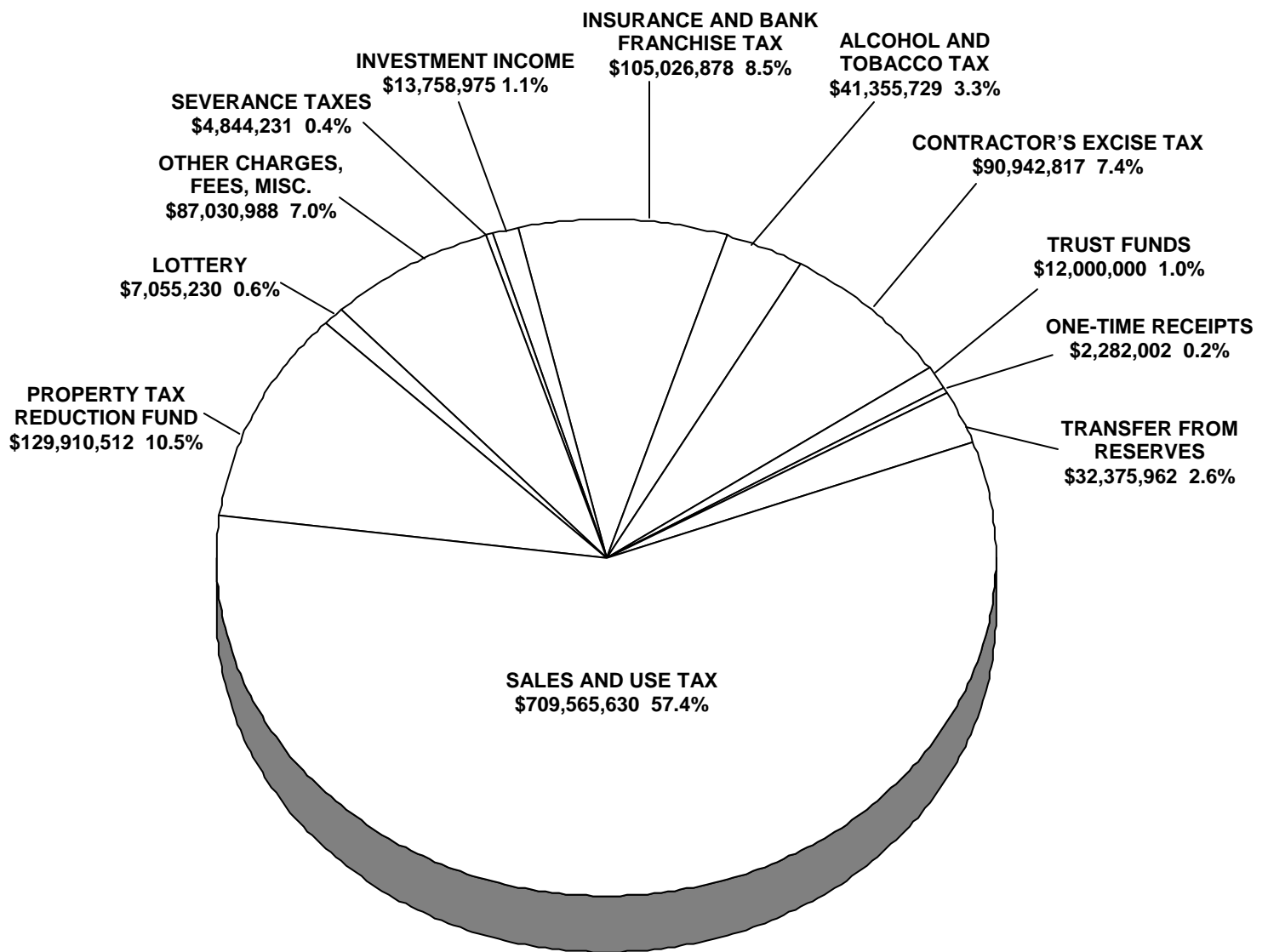
GENERAL FUND TOTAL: \$1,228,773,418

FY 2009 GENERAL FUND EXPENDITURES



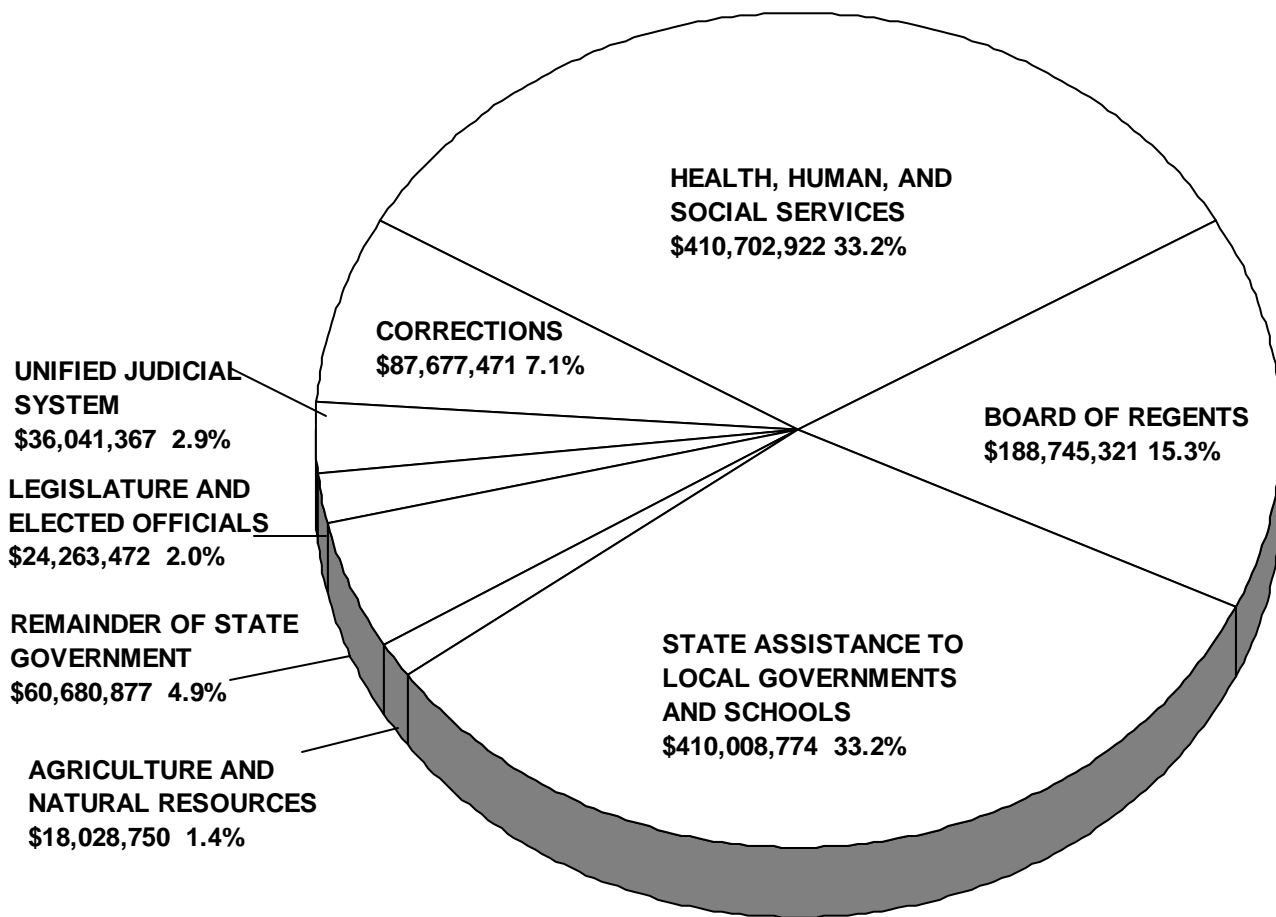
GENERAL FUND TOTAL: \$1,228,622,461

FY 2010 GENERAL FUND RECEIPTS



GENERAL FUND TOTAL: \$1,236,148,954

FY 2010 GENERAL FUND EXPENDITURES



GENERAL FUND TOTAL: \$1,236,148,954

SPECIAL APPROPRIATION RECOMMENDATIONS

FY2010 SPECIAL APPROPRIATIONS	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Tax Refunds for Elderly and Disabled	\$ 800,000	\$ -	\$ -	\$ 800,000
Physician Tuition Reimbursement	\$ 145,938	\$ -	\$ -	\$ 145,938
Conservation Grant	\$ -	\$ -	\$ 300,000	\$ 300,000
TOTAL FY2010 SPECIAL APPROPRIATIONS	\$ 945,938	\$ -	\$ 300,000	\$ 1,245,938

NOTE: FY2010 special appropriations become available for expenditure on July 1, 2009, and are included in the FY2010 column of the General Fund Condition Statement.

Governor Rounds is recommending total special appropriations of \$945,938 in general funds and \$300,000 in other fund expenditure authority. The following paragraphs highlight each recommended special appropriation.

- ◆ ***Tax Refunds for the Elderly and Disabled:*** The Governor is recommending \$800,000 in general funds for tax refunds for elderly and disabled individuals who meet income guidelines.
- ◆ ***Physician Tuition Reimbursement Program:*** The Governor is recommending \$145,938 in general funds to reimburse two participants who have complied with the requirements of the South Dakota Physician, Midlevel, or Dentist Tuition Reimbursement program per SDCL 1-16A-71.1, SDCL 1-16A-73.6, or SDCL 1-16A-73.2.
- ◆ ***Conservation Grant:*** The Governor is recommending \$300,000 in other fund expenditure authority to be used to fund the conservation districts and address soil and water conservation in South Dakota.

FY2009 EMERGENCY SPECIAL APPROPRIATIONS	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Fire Suppression Fund	\$ 641,065	\$ -	\$ -	\$ 641,065
Emergency and Disaster Fund	\$ 1,916,721	\$ -	\$ -	\$ 1,916,721
K-12 School District Consolidation Incentives	\$ 1,154,293	\$ -	\$ -	\$ 1,154,293
Sales Tax on Food Refund Program	\$ 2,003,302	\$ -	\$ 626,779	\$ 2,630,081
Water Omnibus Bill		\$ 160,000	\$ 13,375,000	\$ 13,535,000
TOTAL FY2009 EMERGENCY SPECIAL APPROPRIATIONS	\$ 5,715,381	\$ 160,000	\$ 14,001,779	\$ 19,877,160

NOTE: FY2009 emergency special appropriations become available for expenditure upon passage of the bill and are included in the FY2009 column of the General Fund Condition Statement.

Governor Rounds is recommending total emergency special appropriations of \$5,715,381 in general funds, \$160,000 in federal fund expenditure authority, and \$14,001,779 in other fund expenditure authority. The following paragraphs highlight each recommended emergency special appropriation.

- ◆ **Fire Suppression Fund:** The Governor is recommending \$641,065 in general funds to be deposited into the Fire Suppression Fund for costs related to the suppression of wildfires in South Dakota.
- ◆ **Emergency and Disaster Fund:** The Governor is recommending \$1,916,721 in general funds to be deposited into the Emergency and Disaster Special Revenue Fund for costs related to disasters in South Dakota.
- ◆ **K-12 School District Consolidation Incentives:** The Governor is recommending \$1,154,293 in general funds to reimburse certain school districts for consolidation incentives per SDCL 13-6-92.
- ◆ **Sales Tax on Food Refund Program:** The Governor is recommending \$2,003,302 in general funds and \$626,779 in other fund expenditure authority to fund the Sales Tax on Food Refund program in FY2009.
- ◆ **Water Omnibus Bill:** The Governor is recommending \$160,000 in federal fund expenditure authority and \$13,375,000 in other fund expenditure authority for water development, solid waste, and water quality improvement projects throughout the state. The portion of the Governor's omnibus bill that will go to the Lewis & Clark Rural Water System is \$6,300,000 in other fund expenditure authority.

FY2009 GENERAL BILL AMENDMENTS	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Custer State Park Bond Payment Shortfall	\$ 156,382	\$ -	\$ -	\$ 156,382
State Veterans' Home Utilities	\$ 70,464	\$ -	\$ -	\$ 70,464
DSS Medicaid Budget Shortfall	\$ 862,396	\$ 1,626,733	\$ -	\$ 2,489,129
Cement Plant Earnings for Education	\$ 1,522,942			
TOTAL FY2009 GENERAL BILL AMENDMENTS	\$ 2,612,184	\$ 1,626,733	\$ -	\$ 2,715,975

NOTE: FY2009 general bill amendments are changes that need to be made to the FY2009 general appropriations act and are included in the FY2009 column of the General Fund Condition Statement.

Governor Rounds is recommending total general bill amendments of \$1,089,242 in general funds and \$1,626,733 in federal fund expenditure authority. The following paragraphs highlight each recommended FY2009 general bill amendment.

- ◆ **Custer State Park Bond Payment Shortfall:** The Governor is recommending \$156,382 in general funds to make the bond payment on the second issuance of bonds for Custer State Park improvements due to the passage of SB218 during the 2007 Legislative Session.
- ◆ **State Veterans' Home Utilities:** The Governor is recommending \$70,464 in general funds to cover utility expenses at the State Veterans' Home.
- ◆ **DSS Medicaid Budget Shortfall:** The Governor is recommending \$862,396 in general funds and \$1,626,733 in federal fund expenditure authority due to unanticipated increased expenditures in the Medicaid budget.

GOVERNOR ROUNDS' RECOMMENDATION FOR STATE EMPLOYEE COMPENSATION PACKAGE

	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
PACE ADJUSTMENT TO JOB WORTH: The Governor is recommending that the Performance and Compensation Equity (PACE) system established in FY1990 be continued to include 2.5% adjustments to employees who are paid under the job-worth of their pay range.	\$ 1,584,699	\$ 986,781	\$ 1,186,972	\$ 3,758,452
ACROSS-THE-BOARD INCREASE: The Governor is recommending that all permanent state employees receive a 1.5% pay increase.				
Executive Branch	\$ 1,856,518	\$ 1,509,042	\$ 2,320,326	\$ 5,685,886
Board of Regents	2,207,485	617,425	2,050,968	4,875,878
Legislative Branch	64,069	-	-	64,069
Judicial Branch	409,850	1,160	20,756	431,766
Constitutional Offices	139,446	21,074	70,995	231,515
Subtotal	\$ 4,677,368	\$ 2,148,701	\$ 4,463,045	\$ 11,289,114
HEALTH INSURANCE INCREASE: The costs associated with the employer-paid portion of the state employee's health insurance plan for FY2010 is projected to increase by 1.5%.	\$ 466,913	\$ 220,146	\$ 419,598	\$ 1,106,657
GRAND TOTAL INCREASE FOR STATE EMPLOYEE COMPENSATION:	\$ 6,728,980	\$ 3,355,628	\$ 6,069,615	\$ 16,154,223

For FY2010, the employee compensation package was distributed to agencies in the Governor's recommended budget.

TOTAL STATE GOVERNMENT BUDGET (Excluding Information Budgets)

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2007	ACTUAL FY 2008	BUDGETED FY 2009	REQUESTED FY 2010	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
FUNDING SOURCE:						
General Funds	\$ 1,057,819,980	\$ 1,145,739,840	\$ 1,207,785,260	\$ 1,311,936,563	\$ 1,232,570,083	\$ 24,784,823
Federal Funds	916,501,674	950,214,676	1,119,484,326	1,180,263,568	1,164,671,255	45,186,929
Other Funds	544,358,318	581,316,261	680,982,855	700,272,883	700,669,798	19,686,943
Total	<u>\$ 2,518,679,972</u>	<u>\$ 2,677,270,777</u>	<u>\$ 3,008,252,441</u>	<u>\$ 3,192,473,014</u>	<u>\$ 3,097,911,136</u>	<u>\$ 89,658,695</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 631,244,769	\$ 666,180,977	\$ 724,339,845	\$ 744,279,134	\$ 747,659,975	\$ 23,320,130
Operating Expenses	1,887,435,203	2,011,089,800	2,283,912,596	2,448,193,880	2,350,251,161	66,338,565
Total	<u>\$ 2,518,679,972</u>	<u>\$ 2,677,270,777</u>	<u>\$ 3,008,252,441</u>	<u>\$ 3,192,473,014</u>	<u>\$ 3,097,911,136</u>	<u>\$ 89,658,695</u>
Staffing Level FTE:	12,457.9	12,447.5	13,075.5	13,279.4	13,157.2	81.7

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2009	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
General Funds	\$ 20,837,201	\$ 3,578,871	(\$ 17,258,330)
Federal Funds	5,063,329	3,100,000	(1,963,329)
Other Funds	22,600,077	1,583,270	(21,016,807)
Total	<u>\$ 48,500,607</u>	<u>\$ 8,262,141</u>	<u>(\$ 40,238,466)</u>
Staffing Level FTE:	19.0	0.0	(19.0)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2009	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
General Funds	\$ 1,228,622,461	\$ 1,236,148,954	\$ 7,526,493
Federal Funds	1,124,547,655	1,167,771,255	43,223,600
Other Funds	703,582,932	702,253,068	(1,329,864)
Total	<u>\$ 3,056,753,048</u>	<u>\$ 3,106,173,277</u>	<u>\$ 49,420,229</u>
Staffing Level FTE:	13,094.5	13,157.2	62.7

INFORMATION BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2007	ACTUAL FY 2008	BUDGETED FY 2009	REQUESTED FY 2010	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
FUNDING SOURCE:						
General Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	283,528,393	231,248,940	312,271,106	312,204,744	312,176,097	(95,009)
Other Funds	246,623,611	224,859,360	245,440,604	250,702,958	252,292,234	6,851,630
Total	\$ 530,152,004	\$ 456,108,300	\$ 557,711,710	\$ 562,907,702	\$ 564,468,331	\$ 6,756,621
EXPENDITURE DETAIL:						
Personal Services	\$ 73,038,695	\$ 74,771,952	\$ 90,615,034	\$ 90,937,817	\$ 92,474,150	\$ 1,859,116
Operating Expenses	457,113,309	381,336,348	467,096,676	471,969,885	471,994,181	4,897,505
Total	\$ 530,152,004	\$ 456,108,300	\$ 557,711,710	\$ 562,907,702	\$ 564,468,331	\$ 6,756,621
Staffing Level FTE:	1,258.0	1,255.2	1,330.4	1,335.4	1,331.4	1.0

INFORMATION BUDGETS

South Dakota Building Authority
 South Dakota Health and Educational Facilities Authority
 Public Entity Pool for Liability (PEPL) Administration
 PEPL Fund Claims
 Insurance Fraud Unit
 Petroleum Release Fund
 Lottery Instant and On-Line Operations
 Real Estate Commission
 Abstractors Board of Examiners
 Commission on Gaming
 American Dairy Association
 Wheat Commission
 Oilseeds Council
 Soybean Research and Promotion
 Brand Board
 Corn Utilization Council
 Board of Veterinary Medical Examiners
 SD Pulse Crops Council
 South Dakota Housing Development Authority
 Science and Technology Authority
 SD Energy Infrastructure Authority
 Division of Wildlife
 Wildlife Development and Improvement
 Snowmobile Trails Program
 Board of Chiropractic Examiners
 Board of Dentistry
 Board of Hearing Aid Dispensers
 Board of Funeral Service
 Board of Medical and Osteopathic Examiners
 Board of Nursing

Board of Nursing Home Administrators
 Board of Examiners in Optometry
 Board of Pharmacy
 Board of Podiatry Examiners
 Board of Massage Therapy
 Board of Accountancy
 Board of Barber Examiners
 Cosmetology Commission
 Plumbing Commission
 Board of Technical Professions
 Electrical Commission
 Highway Construction Contracts
 Tuition and Fee Fund
 Army/Air National Guard
 Board of Counselor Examiners
 Board of Psychology
 Board of Social Work Examiners
 Certification Board for Alcohol and Drug
 Professionals
 Regulated Response Fund
 Livestock Cleanup
 Transportation Warehouse
 Fixed Utilities
 PUC Rate Case/Utility Investigation Fund
 Pipeline Safety
 One-Call Notification Board
 Do Not Call List
 State Bar Association
 Unclaimed Property Fund

TOTAL STATE GOVERNMENT BUDGET (Including Information Budgets)

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2007	ACTUAL FY 2008	BUDGETED FY 2009	REQUESTED FY 2010	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
FUNDING SOURCE:						
General Funds	\$ 1,057,819,980	\$ 1,145,739,840	\$ 1,207,785,260	\$ 1,311,936,563	\$ 1,232,570,083	\$ 24,784,823
Federal Funds	1,200,030,066	1,181,463,616	1,431,755,432	1,492,468,312	1,476,847,352	45,091,920
Other Funds	790,981,929	806,175,621	926,423,459	950,975,841	952,962,032	26,538,573
Total	<u>\$ 3,048,831,976</u>	<u>\$ 3,133,379,077</u>	<u>\$ 3,565,964,151</u>	<u>\$ 3,755,380,716</u>	<u>\$ 3,662,379,467</u>	<u>\$ 96,415,316</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 704,283,464	\$ 740,952,929	\$ 814,954,879	\$ 835,216,951	\$ 840,134,125	\$ 25,179,246
Operating Expenses	2,344,548,512	2,392,426,148	2,751,009,272	2,920,163,765	2,822,245,342	71,236,070
Total	<u>\$ 3,048,831,976</u>	<u>\$ 3,133,379,077</u>	<u>\$ 3,565,964,151</u>	<u>\$ 3,755,380,716</u>	<u>\$ 3,662,379,467</u>	<u>\$ 96,415,316</u>
Staffing Level FTE:	13,715.9	13,702.7	14,405.9	14,614.8	14,488.6	82.7

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2009	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
General Funds	\$ 20,837,201	\$ 3,578,871	(\$ 17,258,330)
Federal Funds	5,063,329	3,100,000	(1,963,329)
Other Funds	22,600,077	1,583,270	(21,016,807)
Total	<u>\$ 48,500,607</u>	<u>\$ 8,262,141</u>	<u>(\$ 40,238,466)</u>
Staffing Level FTE:	19.0	0.0	(19.0)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2009	GOVERNOR'S RECOMMENDED FY 2010	RECOMMENDED INC/(DEC) FY 2010
General Funds	\$ 1,228,622,461	\$ 1,236,148,954	\$ 7,526,493
Federal Funds	1,436,818,761	1,479,947,352	43,128,591
Other Funds	949,023,536	954,545,302	5,521,766
Total	<u>\$ 3,614,464,758</u>	<u>\$ 3,670,641,608</u>	<u>\$ 56,176,850</u>
Staffing Level FTE:	14,424.9	14,488.6	63.7

SELF-LIQUIDATING PROJECTS - INSTITUTIONS OF HIGHER EDUCATION
JUNE 30, 2008

CONSOLIDATED SERIES	INSTITUTION	ORIGINAL CONTRACT DATE	REVENUE BOND ORIGINAL ISSUE	AMOUNT OUTSTANDING
	BLACK HILLS STATE UNIVERSITY			
Series 2004	Apartment Complex and Heidepriem Thomas	February 15, 2004	\$5,190,000	\$4,400,000
Series 2004A	Student Union and Thomas Hall	November 23, 2004	\$3,460,000	\$3,075,000
Series 2006	Parling Lot Improvement	December 6, 2006	\$1,270,000	\$1,225,000
Series 2007	Student Union Expansion	December 19, 2007	<u>\$8,170,000</u>	<u>\$8,170,000</u>
			\$18,090,000	\$16,870,000
	DAKOTA STATE UNIVERSITY			
Series 2004A	Higbie, Trojan Center, Emry & Richardson Refinance	November 23, 2004	<u>\$3,260,000</u>	<u>\$2,915,000</u>
			\$3,260,000	\$2,915,000
	NORTHERN STATE UNIVERSITY			
Sereis 2004A	SDBOR Housing & Auxiliary Facilities	November 3, 2004	<u>\$6,245,000</u>	<u>\$5,755,000</u>
			\$6,245,000	\$5,755,000
	SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY			
Series 2003	Peterson Hall	April 1, 2003	<u>\$7,730,000</u>	<u>\$7,275,000</u>
			\$7,730,000	\$7,275,000
	SOUTH DAKOTA STATE UNIVERSITY			
Series 2004A	Housing & Auxiliary Facilities Rev Bonds	February 25, 2004	\$31,300,000	\$26,520,000
Series 2005A	Housing & Auxiliary Facilities Rev Bonds	December 21, 2005	\$3,025,000	\$2,850,000
Series 2006	Housing & Auxiliary Facilities Rev Bonds	December 6, 2006	<u>\$7,745,000</u>	<u>\$7,465,000</u>
			\$42,070,000	\$36,835,000
	UNIVERSITY OF SOUTH DAKOTA			
Series 2003	Housing & Auxiliary Facilities	June 2, 2003	\$16,435,000	\$14,245,000
Series 2005	Coyote Student Center/Facilities	December 21, 2005	\$12,785,000	\$12,460,000
Series 1997	Old Main	December 24, 1996	\$2,463,000	\$1,678,000
Series 2000	Dakota Dome Roof	April 1, 2000	<u>\$6,505,000</u>	<u>\$5,430,000</u>
			\$38,188,000	\$33,813,000
	GRAND TOTAL		<u>\$115,583,000</u>	<u>\$103,463,000</u>

EXECUTIVE SALARIES

State Investment Officer **	\$388,356	Chair, Surgery, Sanford School of Medicine	175,000
Dean/Vice-President of Health Affairs, Sanford School of Medicine	379,600	Chair, Psychiatry, Sanford School of Medicine	175,000
Executive Director, Board of Regents	323,502	Chair, Internal Medicine, Sanford School of Medicine	175,000
President, South Dakota State University *	321,360	Chair, Obstetrics-Gynecology, Sanford School of Medicine	175,000
President, University of South Dakota *	321,360	Provost and Vice President for Academic Affairs, University of South Dakota	175,000
President, South Dakota School of Mines and Technology *	300,000	Dean, School of Law, University of South Dakota	174,515
Internal Medical Residency Program Director, Sanford School of Medicine	267,800	Primary Care Physician, Human Services Center	172,703
Psychiatrist, Human Services Center	267,366	Dean, Ag & Biological Sciences, South Dakota State University	169,655
Director of Medical Research Center; Dean, Sanford School of Medicine	256,446	Chief Academic Officer, South Dakota State University	166,671
Chair, Department of Family Medicine, Sanford School of Medicine	254,865	Director of Primary Care Ambulatory Program, Sanford School of Medicine	163,703
Psychiatrist, Human Services Center (3)	254,634	Chief Academic Officer, South Dakota School of Mines and Technology	163,349
Psychiatrist, Human Services Center	253,295	Vice President of Research; Dean of the Graduate School, South Dakota State University	162,832
Deputy Investment Officer **	245,360	Dean of Engineering, South Dakota State University	161,469
Psychiatrist, Human Services Center	240,625	Vice President for Academic Affairs, Board of Regents	160,625
Associate Academic Dean, Sanford School of Medicine	235,392	Chief Research Officer, Board of Regents	160,500
Dean of Graduate Medical Education, Sanford School of Medicine	228,776	Dean, College of Arts & Sciences, University of South Dakota	159,806
Executive Dean, Basic Biomedical Sciences, Sanford School of Medicine	220,379	Assistant Investment Officer **	156,689
President, Dakota State University *	214,240	Director, Martin Endowed Chair – Nutrition, South Dakota State University	155,350
President, Black Hills State University *	214,240	Dean, School of Business, University of South Dakota	154,538
Assistant Investment Officer **	209,926	Assistant Investment Officer **	154,162
Assistant Investment Officer **	209,387	System Vice President for Administrative Services	153,318
Dean; Co-director of Basic Biomedical Sciences, Sanford School of Medicine	201,768	Vice President for Research, University of South Dakota	153,289
Chair, Pediatrics, Sanford School of Medicine	199,084	Vice President for Administration, South Dakota State University	152,648
Dean, School of Health Science	196,000	Assistant Investment Officer **	150,270
Academic Dean, Sanford School of Medicine	194,365	Dean of Nursing, South Dakota State University	149,826
Assistant Investment Officer **	182,134	Associate Dean of Basic Sciences, University of South Dakota	149,008
President, Northern State University *	178,000		

* Housing Provided

** The State Investment Officer, Deputy Investment Officer, and Assistant Investment Officers are eligible to receive performance-based bonuses from zero to 95% of base salary.

EXECUTIVE SALARIES

Chair, Master of Business Administration, Beacom School of Business, University of South Dakota	147,884	Chair; Department Head, Civil and Environmental Engineering, South Dakota State University	131,500
Executive Dean, University Center, University of South Dakota	146,133	Associate Dean, Beacom School of Business, University of South Dakota	131,398
Professor and Library Director, School of Law, University of South Dakota	145,971	Director, Water and Environmental Engineering Research Center, South Dakota State University	131,229
Dean of Pharmacy, South Dakota State University	145,500	Dean of Education and Counseling, South Dakota State University	130,624
Chief of Staff, Governor's Office	145,127	Dean, H M Briggs Library, South Dakota State University	130,500
Associate Academic Dean, Beacom School of Business, University of South Dakota	144,553	Academic Dean of Graduate Studies, Dakota State University	130,053
Director of Research, South Dakota State University	143,222	Dean of Student Affairs, University of South Dakota	129,970
Vice President for Finance and Administration, University of South Dakota	142,800	Professor, School of Law, University of South Dakota	129,970
Director, College of Engineering, South Dakota School of Mines and Technology	140,377	Professor and Dean, Basic Biomedical Sciences, University of South Dakota	129,661
Provost and Chief Academic Officer, Northern State University	139,881	Academic Dean of Business and Information Systems, Dakota State University	129,009
Commissioner, Bureau of Finance and Management	139,668	Director, Master of Professional Accountancy Program, Beacom School of Business, University of South Dakota	128,480
Commissioner, Bureau of Information and Telecommunications	137,060	Professor, School of Law, University of South Dakota	127,371
Associate Dean, Agriculture Experiment Station, South Dakota State University	136,292	Chair and Department Head, Electrical Engineering and Computer Science, South Dakota State University	127,347
Vice President for Academic Affairs, Black Hills State University	135,200	Vice President for Finance and Administration, Northern State University	127,218
Associate Dean; Director of Cooperative Extension Service, South Dakota State University	135,000	Associate Dean for Ag and Biological Sciences, South Dakota State University	126,941
Department Head, Mechanical Engineering, South Dakota State University	134,954	General Counsel, Board of Regents	126,916
Chair, Economics and Production, Beacom School of Business, University of South Dakota	134,749	Director of Intercollegiate Athletics, University of South Dakota	126,690
Secretary, Department of Tourism and State Development	134,698	Academic Dean, School of Education, Northern State University	126,504
Associate Vice President for Finance and Business, South Dakota State University	134,635	Dean of Student Affairs, South Dakota State University	126,494
Dean of Arts and Sciences, South Dakota State University	134,261	Director, Center for Accelerated Applications, Nanoscale, South Dakota School of Mines and Technology	125,917
Vice President for Academic Affairs, Dakota State University	134,003	Head Coach, Football, South Dakota State University	125,751
Director, Farber Center, Political Science and Criminal Justice, University of South Dakota	132,886	Executive Director, Center for Disabilities, University of South Dakota	125,331
Chair; Department Head, Engineering Technology and Management, South Dakota State University	132,464		
Professor, Beacom School of Business, University of South Dakota	132,038		

EXECUTIVE SALARIES

Director, Center for Bioprocessing Research and Development, South Dakota School of Mines and Technology	125,000	Chair, Computer Science, University of South Dakota	119,870
Dean of Libraries, University of South Dakota	125,000	Director, Veterinary Science, South Dakota State University	119,728
Academic Dean, School of Business, Northern State University	124,634	Vice President, Information Technology, University of South Dakota	119,000
Professor, School of Business, University of South Dakota	124,252	Dean, College of Fine Arts, University of South Dakota	118,801
Professor, School of Law, University of South Dakota	124,080	Chair, Physical Therapy, University of South Dakota	118,627
Professor, School of Law, University of South Dakota	123,864	Professor, Basic Biomedical Sciences, University of South Dakota	118,416
Department Head, Clinical Pharmacy, South Dakota State University	123,657	Supreme Court Justice (5)	118,173
Vice President of Student Affairs, South Dakota School of Mines and Technology	123,641	Director of Athletics, South Dakota State University	118,066
Professor, GIS Center of Excellence, South Dakota State University	123,186	Professor, Basic Biomedical Sciences, University of South Dakota	117,701
Chief Development Officer, University Relations, Black Hills State University	122,918	Vice President for Business and Administration, Black Hills State University	117,045
Associate Vice President for Research, Professor, Graduate School, South Dakota State University	122,686	Professor, School of Law, University of South Dakota	116,993
Professor, School of Law, University of South Dakota	122,605	Professor, Chemical and Biological Engineering, South Dakota School of Mines and Technology	116,627
Dean, Science and Letters, South Dakota School of Mines and Technology	122,034	Associate Vice President for Academic Affairs, University of South Dakota	116,597
Assistant Vice President for Academic Affairs, South Dakota State University	121,753	Secretary, Department of Environment and Natural Resources	116,531
Dean of Continuing and Extended Education, South Dakota State University	121,540	Secretary, Department of Health	116,531
Chief Public Relations Officer, University of South Dakota	121,516	Secretary, Department of Social Services	116,531
Coordinator of Accounting Internships, Beacom School of Business, University of South Dakota	121,510	Professor, Basic Biomedical Sciences, University of South Dakota	116,040
Assistant Dean of Engineering, South Dakota State University	121,324	Director, North Central Sun Grant Center, South Dakota State University	116,000
Professor, School of Law, University of South Dakota	120,256	Associate Dean, College of Arts and Sciences, University of South Dakota	116,000
Interim Dean for Graduate Education, University of South Dakota	120,000	Superintendent, South Dakota School for the Blind and Visually Impaired	115,712
Director of Technology Transfer, South Dakota State University	120,000	Secretary, Department of Game, Fish and Parks	115,607
Director, GISc Center of Excellence, South Dakota State University	119,949	Academic Dean, Atmospheric Science, South Dakota School of Mines and Technology	115,587
		Governor	115,331
		Secretary, Department of Corrections	113,455
		Secretary, Department of Labor	113,448

EXECUTIVE SALARIES

Circuit Court Judges	110,377
Commissioner, Bureau of Administration	110,303
Secretary, Department of Revenue and Regulation	110,303
Secretary, Department of Education	110,000
Commissioner, Bureau of Personnel	107,468
Secretary, Department of Public Safety	107,120
Secretary, Department of Human Services	105,583
Superintendent, South Dakota School for the Deaf	104,400
Secretary, Department of Agriculture	103,000
Secretary, Department of Transportation	103,000
Secretary, Department of Military and Veterans Affairs	103,000
Warden, State Penitentiary	101,953
Administrator, Unified Judicial System	100,000
Executive Director, Legislative Research Council	98,345
Auditor General	98,345
Attorney General	97,928
Administrator, Human Services Center	91,741
Director, South Dakota Developmental Center	91,740
Warden, Mike Durfee State Prison	91,740
Commissioner, Public Utilities Commission (3)	91,390
Executive Director, Public Utilities Commission	87,579
State Treasurer	78,363
Secretary of State	78,363
Commissioner, School and Public Lands	78,363
State Auditor	78,363
Superintendent, State Treatment and Rehabilitation Academy	75,705
Warden, Women's Prison	75,123
Superintendent, State Veterans' Home	75,123
Lt. Governor (Part Time Position)	17,491

SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

STATE AID, HIGHER EDUCATION, EDUCATION

The budgets included in this category are State Aid to Education, Higher Education, and the Department of Education. This budget comprises of \$31.3 million of the \$96.4 million in total ongoing fund increases for FY2010. General funds account for \$4.2 million of the \$24.8 million increase. In terms of the total ongoing budget, the education category is 34.0% of the total funds and 49.4% of the general funds, which amounts to \$1.2 billion in total funding for education.

STATE AID

This category includes state aid to K-12 education, postsecondary vocational education institutes, stipends to the National Board of Certified Teachers (NBCT), and technology in the schools. Also included in this budget is \$5,800,000 in funding from the Education Enhancement Tobacco Tax Fund to fund the Teacher Compensation Assistance Program, and to help fund state aid to general education.

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 FY2010. This brings the per-student allocation for state aid to general education to \$4,804.60 for FY2010, an increase of \$139.94 over the FY2009 base rate of \$4,664.66.

In addition to the statutory increase to the formula, the Governor is recommending changes to the state aid to general education formula. The first recommendation is to suspend provisions of SDCL 13-13-71, SDCL 13-13-72, and SDCL 13-13-72.1 for FY2010 which will decrease the FY2010 state's portion of local need to an estimated 55.3%, as the general fund school district levies for taxes payable in 2010 will remain at the same level as taxes payable in 2009. This change will not affect total funding for schools. The second recommendation is to amend definitions in statute to eliminate two year averaging of fall enrollment numbers. The third recommendation is to repeal SDCL 13-13-80, which will eliminate the increasing enrollment adjustment in the state aid formula. Also included in the recommended state aid to general education budget is a funding switch of \$397,595 from general funds to other fund expenditure authority. This will restore the amount being transferred from the education enhancement tobacco tax fund to

\$1,800,000. The FY2010 fall enrollment estimate of 121,425 was used for calculating the FY2010 budget. The total recommended budgeted amount for state aid to general education is \$331,728,370 in general funds and \$1,800,000 in other fund expenditure authority.

The budgeted amount for state aid to special education is recommended to increase by \$3,300,426 in general funds, bringing the total budget for this program to \$48,427,798 in general funds for FY2010. The formula for FY2010 is based on an inflationary increase of 3.0% to the per student allocation for each disability level.

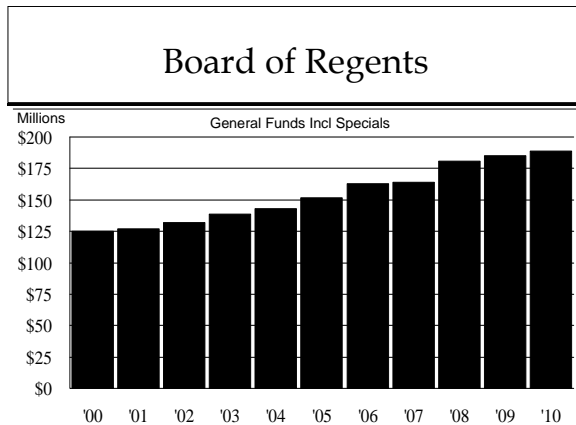
The FY2010 recommended budget for stipends to the National Board of Certified Teachers and to reimburse the fees associated with taking the exam is \$93,000 in general funds.

The Governor is recommending an increase of \$309,226 in general funds and a decrease of \$611,484 in other fund expenditure authority for the technology in schools budget in FY2010. The total recommended budget includes \$6,989,248 in general funds and \$2,609,147 in other fund expenditure authority. The technology in schools budget is used to support ongoing costs of the technology infrastructure for the school districts.

The Governor is recommending an increase of \$280,285 over the FY2009 base budget for the postsecondary technical institutes. This increase provides a 3.0% adjustment in the calculations for funding based on estimated enrollments in FY2010. The total recommended FY2010 budget for postsecondary institutes is \$19,767,425 in general funds.

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). Within the university budgets is funding for the University Center, which is located in Sioux Falls. The state's two special schools, the South Dakota School for the Deaf and the 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 \$22,894,801 in total funds and 67.0 FTE over the FY2009 budget. The increase consists of \$3,526,425 in general funds, \$6,344,907 in federal fund expenditure authority, and \$13,023,469 in other fund expenditure authority. The total FY2010 recommended budget for the Board of Regents consists of \$188,745,321 in general funds, \$124,959,473 in federal fund expenditure authority, and \$325,896,476 in other fund expenditure authority, for a total FY2010 budget of \$639,601,270 and 5,632.5 FTE.

The FY2010 recommendation includes \$1,152,717 in general funds to cover the rising costs of utilities on the campuses. The Governor is also recommending 3.0 FTE and \$213,141 in general funds for additional accounting staff at the Central Office to help with reporting requirements and to reduce audit findings.

The South Dakota Opportunity Scholarship continues to grow and is projected to have 3,240 students receiving scholarship funds in FY2010. Available cement plant trust fund earnings will be used to help fund this scholarship.

The Board of Regents continues to grow in federal grant and contract activity, along with student support and support staff increases. The recommended budget includes the addition of 64.0 FTE, \$5,615,000 in federal fund expenditure authority, and \$18,578,244 in other fund expenditure authority related to federal grant and contract activity and increased lease payments. The FTE will be distributed among five campuses: Black Hills State University (9.5 FTE), Northern State University (4.0 FTE), South Dakota State University (38.5 FTE), the Agricultural Experiment Station (10.0), and the University of South Dakota (2.0).

EDUCATION

The Governor's recommendation for the Department of Education, including the state aid to

education formula, reflects an increase of \$723,539 in general funds, \$7,789,667 in federal fund expenditure authority, and a decrease of \$129,838 in other fund expenditure authority. The total recommended budget for FY2010 is \$420,153,078 in general funds, \$174,172,374 in federal fund expenditure authority, \$13,013,392 in other fund expenditure authority, and 141.0 FTE.

GENERAL ADMINISTRATION

The total recommended FY2010 budget for this division is \$1,922,491 in general funds, \$7,819,889 in federal fund expenditure authority, \$13,674 in other fund expenditure authority, and 34.5 FTE. Included in this division is an increase of \$330,000 of federal fund expenditure authority due to a grant received from the U.S. Department of Education to improve college access for Native American students. An increase of \$2,000,000 of federal fund expenditure authority is due to an anticipated grant from the U.S. Department of Education to develop a statewide longitudinal data system within the Department of Education. This will connect K-12 and higher education student data, allowing longitudinal analysis of student/teacher performance.

CAREER AND TECHNICAL EDUCATION

The total recommended FY2010 budget for this division is \$649,348 in general funds, \$5,471,678 in federal fund expenditure authority, \$1,704,352 in other fund expenditure authority, and 12.0 FTE. There are no major changes to 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 Education Services and Support; and Office of Curriculum and Instruction. The recommendation for this program includes an increase of \$284,725 in general funds, \$5,347,193 in federal fund expenditure authority, and \$84,051 in other fund expenditure authority. Due to increased utilization growth in the Birth to Three program, the Governor is recommending increases of \$337,761 in general funds and \$171,339 in federal fund expenditure authority. The recommended increase for Birth to Three includes a 1.5% inflationary increase for provider inflation, four additional service coordinators for high caseload regions, and an increase in federal fund expenditure authority needed to process eligible Medicaid claims. An increase in federal fund expenditure authority totaling \$4,486,173 is recommended for increases in flow through funds for title programs, special education, and Coordinated School Health from the U.S. Department of Education. An increase in federal fund expenditure authority in the amount of

\$631,396 is recommended for a new fresh fruit and vegetable grant to provide fresh fruits and vegetable snacks for children during the school day. A funding switch of \$78,425 from general funds to other fund expenditure authority is recommended due to a change in funding for school accreditation. The total recommended FY2010 budget for this division is \$7,258,544 in general funds, \$159,681,042 in federal fund expenditure authority, \$1,000,136 in other fund expenditure authority, and 62.0 FTE.

EDUCATION SERVICES AGENCIES

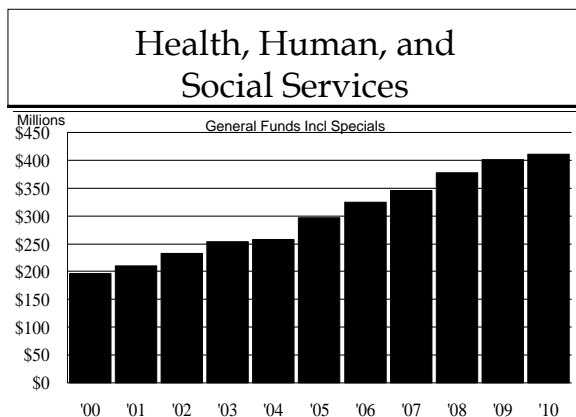
The FY2010 recommended budget for this program is \$500,000 in general funds and \$1,700,000 in other fund expenditure authority for a total of \$2,200,000. There are no recommended changes to this division.

STATE LIBRARY

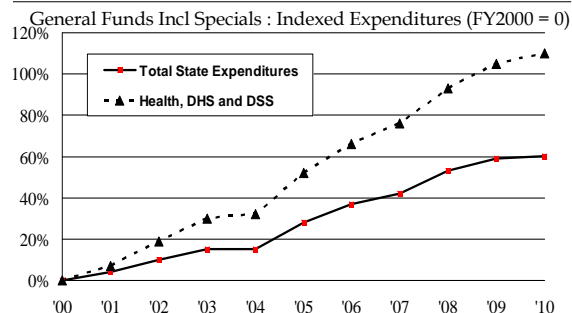
The FY2010 recommended budget for the State Library consists of \$2,366,854 in general funds, \$1,199,765 in federal fund expenditure authority, \$186,083 in other fund expenditure authority, and 32.5 FTE. There are no major changes to this division.

HEALTH, HUMAN, AND SOCIAL SERVICES

This portion of the budget comprises of \$46.1 million of the \$96.4 million in total ongoing fund increases for FY2010. On the general fund side, the Departments of Health, Human, and Social Services account for \$14.6 million of the \$24.8 million ongoing increase. In terms of the total state budget, this category is 32.2% of the total ongoing funds and 33.2% of the ongoing general funds, which amounts to \$1.2 billion in total ongoing funding.



Health, Human, and Social Services



HEALTH

The FY2010 Governor's recommended budget for the Department of Health, including the informational budgets for the boards and commissions, includes an increase of \$596,148 in general funds, \$224,826 in federal fund expenditure authority, and \$1,144,025 in other fund expenditure authority. This is a total increase of \$1,964,999 and 2.0 FTE. The total FY2010 budget is \$8,412,874 in general funds, \$35,180,953 in federal fund expenditure authority, and \$32,429,269 in other fund expenditure authority, for a total of \$76,023,096 and 405.2 FTE.

ADMINISTRATION

The total FY2010 recommended budget for Administration includes an increase of \$12,417 in general funds, \$15,133 in federal fund expenditure authority, \$395,764 in other fund expenditure authority, and 1.0 FTE. The vital records program is proposing to increase fees to generate approximately \$304,056 in additional general fund revenue. The FTE and \$386,203 in other fund expenditure authority is to implement Health Information Technology throughout the state. The total recommended budget is \$1,310,060 in general funds, \$1,087,606 in federal fund expenditure authority, and \$1,790,802 in other fund expenditure authority, and 32.0 FTE.

HEALTH SYSTEMS DEVELOPMENT AND REGULATION

The total FY2010 recommended budget for this division includes increases of \$337,304 in general funds, \$53,881 in federal fund expenditure authority, and \$125,689 in other fund expenditure authority. An increase of \$132,835 in general funds is for inspections of food services, lodging, and campground establishments. Inspection and licensing programs are proposing to increase fees in order to generate approximately \$784,348 in additional general fund revenues to pay for these programs. An increase of \$174,532 in general funds

and \$125,468 in other fund expenditure authority is for mosquito control grants to cities. The total recommended budget is \$2,627,482 in general funds, \$12,623,564 in federal fund expenditure authority, and \$181,990 in other fund expenditure authority, and 64.5 FTE.

HEALTH AND MEDICAL SERVICES

The total FY2010 recommended budget for this division includes increases of \$246,427 in general funds, \$144,079 in federal fund expenditure authority, and \$515,746 in other fund expenditure authority. An increase of \$215,778 in general funds and \$500,000 in other fund expenditure authority is to purchase vaccines for children. The total recommended budget is \$4,475,332 in general funds, \$18,280,400 in federal fund expenditure authority, and \$3,532,676 in other fund expenditure authority, and 178.5 FTE.

LABORATORY SERVICES

The total FY2010 budget for this division includes increases of \$7,862 in federal fund expenditure authority and \$27,367 in other fund expenditure authority. The total recommended budget is \$2,080,697 in federal fund expenditure authority and \$3,244,769 in other fund expenditure authority, and 29.0 FTE.

CORRECTIONAL HEALTH

This program has a recommended decrease of \$122,197 in other fund expenditure authority and an increase of 1.0 FTE. The additional 1.0 FTE and \$53,730 in other fund expenditure authority are for the Intensive Methamphetamine Treatment program. The total FY2010 budget for this division is \$15,487,370 in other fund expenditure authority and 76.0 FTE.

TOBACCO PREVENTION

The total FY2010 budget for this division includes an increase of \$3,871 in federal fund expenditure authority. The total recommended budget is \$1,108,686 in federal fund expenditure authority, \$5,000,000 in other fund expenditure authority, and 3.0 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 and 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 FY2010 for the Boards is \$3,191,662 and 22.2 FTE. This represents an increase of \$201,656 in other fund expenditure authority.

HUMAN SERVICES

The Governor is recommending increases of \$3,884,634 in general funds, \$5,428,515 in federal fund expenditure authority, and a decrease of \$2,997,517 in other fund expenditure authority, for a total increase of \$6,315,632 and 6.0 FTE. The recommendation includes a decrease of \$1,102,032 in general funds and a corresponding increase in federal fund expenditure authority due to the change in the Federal Medical Assistance Percentage (FMAP) for Title XIX and Title XXI programs. For FY2010, a total budget of \$252,572,493 is recommended, consisting of \$113,529,029 in general funds, \$132,838,410 in federal fund expenditure authority, \$6,205,054 in other fund expenditure authority, and 1,225.7 FTE.

SECRETARIAT

The Governor's recommendation includes an increase of \$18,285 in general funds and \$18,081 in federal fund expenditure authority, for a total increase of \$36,366. An increase of \$2,276 in general funds is recommended for 1.5% provider inflation.

DEVELOPMENTAL DISABILITIES

The recommendation for the division of Developmental Disabilities is increases in general funds of \$1,047,568 and federal fund expenditure authority of \$3,511,239. The recommended 1.5% provider inflation accounts for an increase of \$542,775 in general funds and \$899,725 in federal fund expenditure authority, for a total of \$1,442,500. The Governor's recommendation also includes \$1,152,533 in general funds and \$1,935,712 in federal fund expenditure authority to address consumer expansion for individuals with developmental disabilities.

SOUTH DAKOTA DEVELOPMENTAL CENTER

The Governor's recommendation includes increases of \$52,489 in general funds, \$505,101 in federal fund expenditure authority, and \$70,667 in other fund expenditure authority, for a total increase of \$628,257. The total recommended budget is \$9,898,859 in general funds, \$15,255,868 in federal fund expenditure authority, \$992,145 in other fund expenditure authority, and 413.1 FTE.

ALCOHOL AND DRUG ABUSE

The Governor recommends increases of \$1,766,915 in general funds and \$428,055 in federal fund expenditure authority, a decrease of \$515,122 in other fund expenditure authority, and an additional 5.0 FTE, for a total increase of \$1,679,848 in this division. An increase of \$153,177 in general funds and \$42,881 in federal fund expenditure authority is recommended for 1.5% provider inflation. Additional increases within this division include \$920,287 in general funds and 6.0 FTE due to the Intensive Methamphetamine Treatment program for inmates at the Women's Prison, along with \$203,336 in general funds and \$341,508 in federal fund expenditure authority to meet the increased demand for alcohol dependency treatment for pregnant women and women with dependent children.

REHABILITATION SERVICES

The Governor's recommended budget for Rehabilitation Services includes increases of \$23,708 in general funds and \$135,431 in federal fund expenditure authority, for a total increase of \$159,139. An increase of \$40,284 in general funds and \$34,406 in federal fund expenditure authority, for a total of \$74,690, is recommended for 1.5% provider inflation.

TELECOMMUNICATION DEVICES FOR THE DEAF

The Governor is recommending no change to the Telecommunication Devices for the Deaf budget. The total FY2010 budget is \$1,251,680 in other fund expenditure authority.

BOARD OF COUNSELOR EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$2,438 in other fund expenditure authority. The total FY2010 budget is \$77,438 in other fund expenditure authority.

BOARD OF PSYCHOLOGY EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$1,661 in other fund expenditure authority. The total FY2010 budget is \$76,390 in other fund expenditure authority.

BOARD OF SOCIAL WORK EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$1,647 in other fund expenditure authority. The total FY2010 budget is \$93,307 in other fund expenditure authority.

CERTIFICATION BOARD FOR ALCOHOL AND DRUG PROFESSIONALS - INFORMATIONAL

The Governor is recommending an increase of \$6,533 in other fund expenditure authority. The total FY2010 budget is \$145,999 in other fund expenditure authority and 1.3 FTE.

SERVICE TO THE BLIND AND VISUALLY IMPAIRED

The Governor is recommending increases of \$19,424 in general funds, \$51,917 in federal fund expenditure authority, and \$1,325 in other fund expenditure authority, for a total increase of \$72,666. The total recommended budget is \$909,301 in general funds, \$2,297,354 in federal fund expenditure authority, \$254,654 in other fund expenditure authority, and 29.2 FTE.

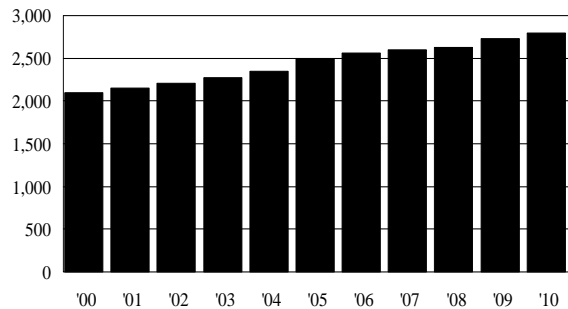
HUMAN SERVICES CENTER

The Governor recommends increases of \$331,098 in general funds and \$264,406 in federal fund expenditure authority, and a decrease of \$2,607,926 in other fund expenditure authority, for a total decrease of \$2,012,422. The changes in the Human Services Center budget reflect increases in personal services, decreases in utility expenses, and the completion of the utility management project.

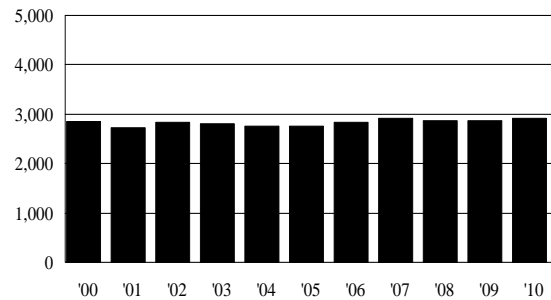
COMMUNITY MENTAL HEALTH

The Governor's recommendation for the division of Community Mental Health reflects increases of \$625,147 in general funds, \$514,285 in federal fund expenditure authority, \$41,260 in other fund expenditure authority, and 1.0 FTE, for a total increase of \$1,180,692. Additional funding is recommended for Mental Health consumer expansion at a total cost of \$409,777 in general funds and \$258,730 in federal fund expenditure authority. An increase of \$219,149 in general funds, \$140,875 in federal fund expenditure authority, and \$4,553 in other fund expenditure authority, for a total increase of \$364,577 is recommended for 1.5% provider inflation. The additional FTE is for the Intensive Methamphetamine Treatment program.

Developmental Disabilities Clients



TANF Case Load in South Dakota



SOCIAL SERVICES

The Governor's recommended budget for the Department of Social Services is \$287,815,081 in general funds, \$553,187,649 in federal fund expenditure authority, and \$10,682,225 in other fund expenditure authority, for a total FY2010 budget of \$851,684,955 and 1,001.5 FTE. This recommendation includes an increase of \$10,116,990 in general funds, \$25,487,781 in federal fund expenditure authority, and \$2,205,677 in other fund expenditure authority.

ADMINISTRATION

The recommended budget for Administration includes an increase of \$143,509 in general funds, \$159,998 in federal fund expenditure authority, and \$247 in other fund expenditure authority. The total recommended budget is \$6,987,739 in general funds, \$19,291,719 in federal fund expenditure authority, \$219,364 in other fund expenditure authority, and 178.7 FTE.

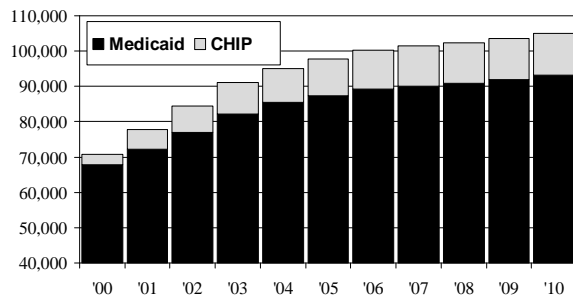
ECONOMIC ASSISTANCE

The Governor's recommended budget for Economic Assistance includes increases of \$581,805 in general funds and \$484,592 in federal fund expenditure authority. Adjustments to this budget include: inflationary increases of \$318,310 in general funds and \$142,421 in federal fund expenditure authority for Auxiliary Placement, Temporary Assistance for Needy Families (TANF), and Food Stamp Employment Training; and increases of \$95,215 in general funds and \$95,215 in other fund expenditure authority due to increased TANF caseloads. The total recommended budget is \$21,692,064 in general funds, \$44,020,686 in federal fund expenditure authority, \$300,000 in other fund expenditure authority, and 322.5 FTE.

MEDICAL AND ADULT SERVICES

The recommended budget for Medical and Adult Services includes an increase of \$7,253,220 in general funds, \$24,482,580 in federal fund expenditure authority, and \$2,159,964 in other fund expenditure authority. The FY2010 recommended budget is \$224,606,983 in general funds, \$437,979,613 in federal fund expenditure authority, \$5,650,976 in other fund expenditure authority, and 145.5 FTE. Adjustments to this budget include: increases of \$7,015,197 in general funds and \$12,148,252 in federal fund expenditure authority for inflation; a funding switch of \$3,737,138 from general funds to federal fund expenditure authority due to the change in the Federal Medical Assistance Percentage (FMAP); an increase of \$4,073,363 in general funds and \$6,860,525 in federal fund expenditure authority due to the growth in the number of Medicaid and Children's Health Insurance Program (CHIP) clients, and the increased utilization of Medical Services; an increase of \$862,396 in general funds and \$1,626,733 in federal fund expenditure authority due to projected increased costs in the Medical Services budget; a funding switch of \$752,959 from federal fund expenditure authority to general funds due to a shortfall in CHIP funding; a one-time funding switch of \$2,153,526 from general funds to other fund expenditure authority for Medicare Part D; and an increase of \$84,476 in general funds and \$14,966 in federal fund expenditure authority for an in-home services transportation rate adjustment.

Medical Assistance Case Loads in South Dakota



CHILDREN'S SERVICES

The Governor's recommended FY2010 budget for Children's Services includes an increase of \$2,138,456 in general funds, \$360,611 in federal fund expenditure authority, and \$45,466 in other fund expenditure authority. Adjustments to this budget include: a funding switch of \$249,135 of general funds to federal fund expenditure authority due to the change in the FMAP; an increase of \$329,984 in general funds, \$225,999 in federal fund expenditure authority, and \$4,085 in other fund expenditure authority for 1.5% provider inflation; an increase of \$855,931 in general funds and \$432,734 in federal fund expenditure authority for additional subsidized guardianships and adoptions; an increase of \$720,691 in general funds and a decrease of \$591,270 in federal fund expenditure authority due to increased costs and limited federal funding for child care subsidies; and an increase of \$222,000 in general funds for independent living services. The total recommended budget is \$34,528,295 in general funds, \$51,895,631 in federal fund expenditure authority, \$4,511,885 in other fund expenditure authority, and 354.8 FTE.

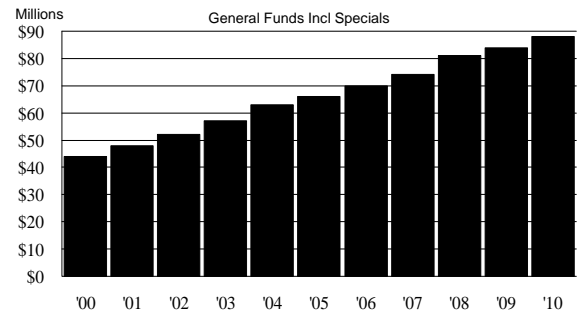
CORRECTIONS

The Governor's recommended budget for the Department of Corrections is \$87,677,471 in general funds, \$11,708,952 in federal fund expenditure authority, and \$9,734,804 in other fund expenditure authority, for a total FY2010 budget of \$109,121,227 and 897.5 FTE. This includes an increase of \$4,754,595 in general funds, a decrease of \$1,050,323 in federal fund expenditure authority, and a decrease of \$2,498,611 in other fund expenditure authority, for a net increase of \$1,205,661. A decrease of 4.0 FTE is also recommended.

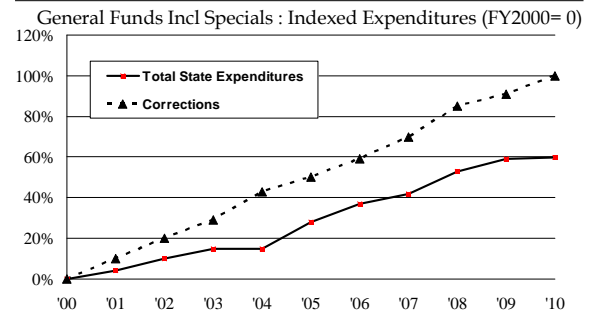
The Average Daily Count (ADC) of adult inmates is projected to reach 3,585 in FY2010. This represents an increase of 212 inmates over the actual FY2008 ADC of 3,373 inmates, or a 6.3% increase over two years. The average daily population of juveniles in

institutional settings within the Department of Corrections is projected at 145 for FY2010, which is a 1.9% increase over two years.

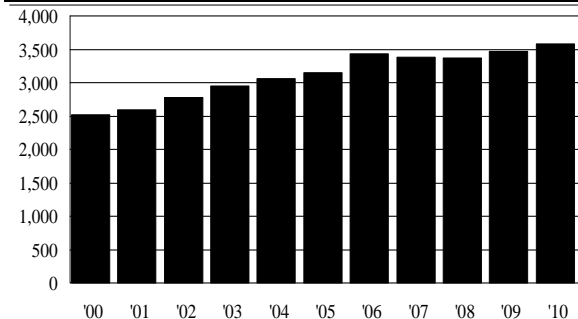
Corrections



Corrections



Average Daily Population of Adult Inmates



ADMINISTRATION

The Governor is recommending decreases of \$21,518 in general funds, \$609,511 in federal fund expenditure authority, and \$1,348,835 in other fund expenditure authority. The majority of the general fund decrease is tied to decreased costs of the inmate medical agreements with the Department of Health. The federal fund expenditure authority decrease is due to the federal reductions of the Juvenile Accountability Block Grant (JABG) and the Prison Rape Elimination Act (PREA). The other

fund expenditure authority decrease is due to smaller payments remaining for the Offender Management System in FY2010. The total recommended budget in Administration includes \$18,706,226 in general funds, \$2,002,851 in federal fund expenditure authority, \$1,335,101 in other fund expenditure authority, and 36.0 FTE.

MIKE DURFEE STATE PRISON

The recommendation for the Mike Durfee State Prison (MDSP) includes an increase of \$538,716 in general funds, and decreases of \$2,379 in federal fund expenditure authority and \$133,095 in other fund expenditure authority, for a total increase of \$403,242. The general fund increase is a result of higher utility costs. The other fund expenditure authority reduction is due to the completion of the renovation of the control room. The overall budget for MDSP is \$13,507,165 in general funds, \$173,440 in federal fund expenditure authority, \$333,174 in other fund expenditure authority, and 182.5 FTE.

STATE PENITENTIARY

The recommendation for the South Dakota State Penitentiary (SDSP) includes an increase of \$470,626 in general funds, a decrease of \$57,416 in federal fund expenditure authority, and an increase of \$1,830 in other fund expenditure authority, for a total increase of \$415,043. Major general fund impacts to this program are utilities and educational costs increases. The overall budget for SDSP is \$18,917,711 in general funds, \$503,481 in federal fund expenditure authority, \$230,578 in other fund expenditure authority, and 291.5 FTE.

WOMEN'S PRISON

The budget for the Women's Prison (SDWP) is recommended to increase by \$77,953 in general funds and decrease by \$98,867 in federal fund expenditure authority. The budget for the SDWP is \$3,300,766 in general funds, \$275,951 in federal fund expenditure authority, \$151,814 in other fund expenditure authority, and 50.0 FTE.

PHEASANTLAND INDUSTRIES

The budget for Pheasantland Industries is recommended to increase by \$669,494 in other fund expenditure authority primarily due to the new state license plate production in FY2010. The total budget for Pheasantland Industries is \$3,697,993 in other fund expenditure authority and 15.0 FTE.

COMMUNITY SERVICES

The Community Services' budget is recommended to increase by \$91,576 in general funds and

decrease by \$16,015 in federal fund expenditure authority and \$8,546 in other fund expenditure authority. The Governor also recommends a net decrease of 4.0 FTE. The recommendation includes a decrease of 13.0 FTE and total annual funding of \$641,537 of general funds, \$17,500 of federal fund expenditure authority, and \$29,770 of other fund expenditure authority, resulting from the closure of the Redfield Minimum Unit. Increases of 9.0 FTE and \$638,633 of general funds are also recommended due to the Intensive Methamphetamine Treatment Program at the Women's Prison, which was a special appropriation in FY2008 and FY2009. The total budget for Community Services is \$3,807,935 in general funds, \$125,698 in federal fund expenditure authority, \$3,219,345 in other fund expenditure authority, and 76.5 FTE.

PAROLE SERVICES

The Governor's recommendation for Parole Services includes increases of \$130,056 in general funds and \$1,186 in other fund expenditure authority. The budget recommendation is \$3,959,864 in general funds, \$56,840 in other fund expenditure authority, and 60.0 FTE.

JUVENILE COMMUNITY CORRECTIONS

The Juvenile Community Corrections budget is recommended to increase by \$3,036,722 in general funds and decrease by \$34,152 in federal fund expenditure authority and \$1,690,645 in other fund authority, for a total increase of \$1,311,925. The general fund increase includes \$190,935 for 1.5% provider inflation, the funding switch of \$1,690,645 in one-time other fund expenditure authority used in FY2009 for Group and Residential Placement services for juveniles, and the expansion of juveniles receiving these services. The one-time other fund expenditure authority in FY2009 was used to replace Medicaid funds no longer available to juveniles in private placement due to changes in federal rules. Other funds were budgeted to utilize cash balances for one-year to save general funds. The overall budget for Juvenile Community Corrections is \$15,706,584 general funds, \$8,092,280 in federal fund expenditure authority, \$480,087 in other fund expenditure authority, and 49.5 FTE.

YOUTH CHALLENGE CENTER

The Governor recommends an increase of \$297,440 in general funds and a decrease of \$269,871 in federal fund expenditure authority at the Youth Challenge Center (YCC). The total budget for YCC is \$1,485,488 in general funds, \$14,942 in other fund expenditure authority, and 26.0 FTE.

PATRICK HENRY BRADY ACADEMY

The Governor recommends an increase of \$27,751 in general funds at the Patrick Henry Brady Academy. The total budget for the Patrick Henry Brady Academy is \$1,458,096 in general funds, \$14,280 in other fund expenditure authority, and 26.0 FTE.

STATE TREATMENT AND REHABILITATION (STAR) ACADEMY

The State Treatment and Rehabilitation (STAR) Academy contains the budget for food services, the physical plant, medical services, education, and administration for the Custer juvenile programs. The budget for FY2010 is recommended to increase by \$75,935 in general funds, \$37,885 in federal fund expenditure authority, and \$10,000 in other fund expenditure authority. The increases are due to utility expenses and additional federal education assistance. The total budget for STAR is \$5,262,547 in general funds, \$535,251 in federal fund expenditure authority, \$188,000 in other fund expenditure authority, and 57.5 FTE.

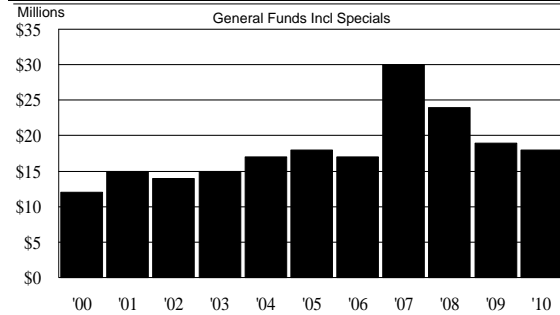
QUEST/EXCEL

The Governor recommends an increase of \$29,338 in general funds for Quest/ExCEL. The total budget for Quest/ExCel is \$1,565,089 in general funds, \$12,650 in other fund expenditure authority, and 27.0 FTE.

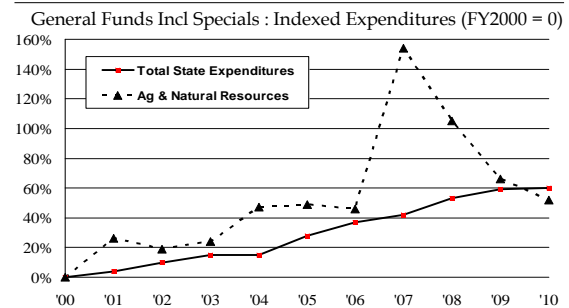
AGRICULTURE; ENVIRONMENT AND NATURAL RESOURCES; AND, GAME, FISH, AND PARKS

This portion of the budget represents \$8.4 million of the recommended \$96.4 million in total ongoing fund increases for FY2010. The total ongoing general funds appropriated to Agriculture; Environment and Natural Resources; and, Game, Fish, & Parks are recommended to decrease by \$0.2 million. Ongoing federal and other fund expenditure authority are recommended to increase by \$8.6 million. In terms of the total ongoing state budget, this category is 3.5% of the total funds and 1.5% of the general funds, which amounts to \$127 million in total funding.

Agriculture, Natural Resources and Game, Fish, and Parks



Agriculture, Natural Resources and Game, Fish, and Parks



AGRICULTURE

The Governor's FY2010 recommended budget for the Department of Agriculture is \$37,222,358, and consists of \$6,725,954 in general funds, \$6,614,559 in federal fund expenditure authority, \$23,881,845 in other fund expenditure authority, and 232.5 FTE. This represents an overall increase of \$4,513,462 in the Department of Agriculture's budget.

OFFICE OF THE SECRETARY

The Governor is recommending an overall increase of \$13,169 and 1.0 FTE for the Office of the Secretary. The Office of the Secretary's total recommended budget is \$834,196 and consists of \$667,642 in general funds, \$53,346 in federal fund expenditure authority, and \$113,208 in other fund expenditure authority, with 9.5 FTE. The 1.0 FTE increase will be offset by a 1.0 FTE decrease in the Administration division of Game, Fish, and Parks. This movement will make the shared fiscal office more efficient.

AGRICULTURAL SERVICES AND ASSISTANCE

The recommended FY2010 budget for Agricultural Services and Assistance includes \$2,135,018 in general funds, \$2,976,993 in federal fund expenditure authority, and \$3,183,612 in other fund expenditure authority, for a total budget of

\$8,295,623 and 83.6 FTE. This recommendation reflects a total increase of \$193,465 for FY2010.

The total FY2010 recommended budget for Agriculture Services is \$4,609,106 and 34.0 FTE. This budget is comprised of \$1,063,671 in general funds, \$818,078 in federal fund expenditure authority, and \$2,727,357 in other fund expenditure authority. The division is proposing to increase fees within the Dairy Services program to generate approximately \$32,925 in new general fund revenue. Included in this budget is an increase of \$597,572 of other fund expenditure authority due to fee increases within the Dairy, Seed, Nursery, and Fertilizer programs. These proposed fee increases will offset general funds within the division.

The total recommended budget for Fire Suppression includes \$1,071,347 in general funds, \$2,158,915 in federal fund expenditure authority, \$456,255 in other fund expenditure authority, and 49.6 FTE for a total budget of \$3,686,517. Included in this budget is an increase of \$59,555 in general funds for a Fire Aviation Officer.

AGRICULTURAL DEVELOPMENT AND PROMOTION

The Governor is recommending a total increase of \$34,266 for Agricultural Development and Promotion. The total recommended FY2010 budget consists of \$1,247,265 in general funds, \$1,638,171 in federal fund expenditure authority, and \$1,875,503 in other fund expenditure authority, for a total of \$4,760,939 and 28.0 FTE.

The total FY2010 recommended budget for Agriculture Development is \$1,528,602 and 9.0 FTE. The Governor is recommending no significant changes for this division's budget.

The total FY2010 recommended budget for Resource Conservation and Forestry is \$3,232,337 and 19.0 FTE. The Governor is recommending no significant changes for this division's budget.

ANIMAL INDUSTRY BOARD

The total FY2010 recommended budget for the Animal Industry Board is \$4,149,304 and 44.9 FTE. This budget is comprised of \$1,943,583 in general funds, \$1,946,049 in federal fund expenditure authority, and \$259,672 in other fund expenditure authority.

STATE FAIR

The total FY2010 Governor's recommended budget includes an increase of \$722,030 in general funds within the base budget to replace the need for an annual appropriation and an increase of \$115,000 in other fund expenditure authority for boarding

inmates from Sioux Falls since the Redfield Minimum Unit has closed. Also included is \$10,416 of general funds and \$961 of other fund expenditure authority for salary policy. The State Fair's recommended budget is \$732,446 in general funds and \$2,007,048 in other fund expenditure authority for a total budget of \$2,739,494 and 19.5 FTE.

ENVIRONMENT AND NATURAL RESOURCES

The Governor's FY2010 recommended budget for the Department of Environment and Natural Resources totals \$18,523,722 and consists of \$6,122,430 in general funds, \$6,521,517 in federal fund expenditure authority, \$5,879,775 in other fund expenditure authority, and 176.5 FTE. This recommendation includes a decrease of \$323,696 in general funds, and increases of \$69,591 in federal fund expenditure authority and \$455,631 in other fund expenditure authority. The total increase for the Department of Environment and Natural Resources is \$201,526.

FINANCIAL AND TECHNICAL ASSISTANCE

The Financial and Technical Assistance budget consists of \$2,235,816 in general funds, \$1,821,972 in federal fund expenditure authority, and \$826,119 in other fund expenditure authority, for a total budget of \$4,883,907 and 58.0 FTE. Included is a \$100,000 funding switch from general funds to other fund expenditure authority. The department is proposing to amend the amount that is annually transferred from the Water and Environment fund to the Environment and Natural Resources fee fund in SDCL 1-40-32 from \$400,000 to \$500,000.

ENVIRONMENTAL SERVICES

The Governor recommends a total FY2010 budget for Environmental Services of \$11,124,815 and 118.5 FTE. Environmental Services consists of \$3,886,614 in general funds, \$4,699,545 in federal fund expenditure authority, and \$2,538,656 in other fund expenditure authority. The Governor is recommending a decrease of \$256,231 in general funds, an increase of \$48,046 in federal fund expenditure authority, and an increase of \$344,958 in other fund expenditure authority. General funds of \$313,465 are being offset in this division due to fee increases, which will result in a subsequent increase of \$313,465 in other fund expenditure authority.

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 FY2010 recommended budget for the Department of Game, Fish, and Parks totals \$70,798,980, including \$5,180,366 in general funds, \$18,967,767 in federal fund expenditure authority, \$46,650,847 in other fund expenditure authority, and 565.6 FTE. This budget reflects an overall increase of \$3,723,037.

CONSERVATION RESERVE ENHANCEMENT PROGRAM

The Governor is recommending a decrease of \$239,360 in general funds in the Conservation Reserve Enhancement Program due to a decrease in the bond payment as per the schedule. The total recommended budget for FY2010 is \$106,975 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 an increase of \$1,730 in general funds and a decrease of \$27,209 in other fund expenditure authority and 1.0 FTE. This will be offset by an increase of 1.0 FTE within the Department of Agriculture. The total budget for Administration is \$4,306,145 and 25.1 FTE.

WILDLIFE – INFORMATIONAL

The Governor is recommending a total budget for the Division of Wildlife of \$38,327,116. This budget is composed of \$11,525,629 in federal fund expenditure authority and \$26,801,487 in other fund expenditure authority. Included in this budget is an increase of \$1,500,000 in other fund expenditure authority for payments to private landowners for habitat and hunting access projects through the Wildlife Partners Program and the Conservation Reserve Enhancement Program. The Governor is recommending an increase of \$400,000 in federal fund expenditure authority and \$485,000 in other fund expenditure authority for the support of new and existing partnership and habitat development activities on public and private lands.

The Governor is recommending an overall decrease of \$641,609 in the Wildlife Development and Improvement Program. The total budget for the Wildlife Development and Improvement Program is \$1,906,875, of which \$1,058,719 is federal fund expenditure authority and \$848,156 is other fund expenditure authority.

STATE PARKS AND RECREATION

The Division of State Parks and Recreation's recommended total FY2010 budget is \$16,970,830 and 238.9 FTE. The Governor is recommending a decrease of \$26,816 in general funds, and increases of \$121,012 in federal fund expenditure authority and \$486,651 in other fund expenditure authority. This budget includes an increase of \$33,000 of other fund expenditure authority for advertising, and increases of \$107,008 in federal fund expenditure authority and \$75,578 in other fund expenditure authority for utility increases in the State Park system. General funds of \$274,775 are being offset in this division due to fee increases, which results in a corresponding increase of \$274,775 in other fund expenditure authority.

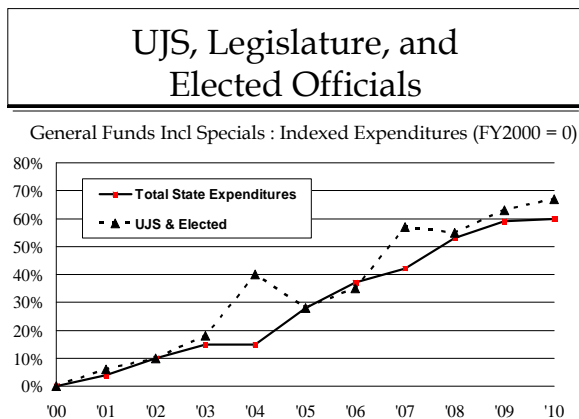
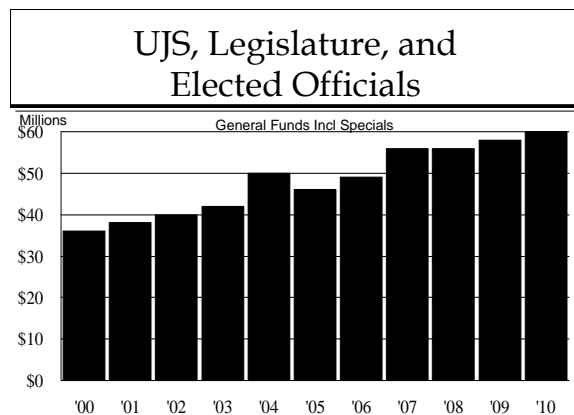
The Division of State Parks and Recreation's Development and Improvement Program has a total recommended increase of \$358,650. The total recommended budget includes decreases of \$202,175 in general funds and \$455,400 in federal fund expenditure authority and an increase of \$1,016,225 in other fund expenditure authority and 1.3 FTE, for a total budget of \$7,781,271. Due to proposed fee increases within the Division of State Parks and Recreation, \$202,175 of general funds have been offset within this budget. This will result in a subsequent increase of \$202,175 in other fund expenditure authority. The Governor is recommending an increase of \$814,050 of other fund expenditure authority for road projects within the State Park system, the majority of which will be made possible with proposed fee increases.

SNOWMOBILE TRAILS – INFORMATIONAL

The total recommended budget for the Snowmobile Trails Program is \$100,000 in federal fund expenditure authority, \$1,299,768 in other fund expenditure authority, and 9.1 FTE. Included in this budget is an increase of \$126,000 in other fund expenditure authority for a trail groomer in the Black Hills.

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

The Governor's recommendation for the FY2010 budget for this category totals \$93.1 million, of which \$57.8 million is general funds, \$7.2 million is federal fund expenditure authority, and \$28.1 million is other fund expenditure authority. This reflects an increase of \$1.7 million in general funds, a decrease of \$0.5 million in federal fund expenditure authority, and an increase of \$2.6 million in other fund expenditure authority. This is a total increase of \$3.9 million which is 4.0% of the total increases in the FY2010 budget. The recommendation also includes an increase of 8.0 FTE, for a total of 858.2 FTE.



LEGISLATURE

The total FY2010 recommended budget for the South Dakota Legislature is \$7,648,308 in general funds, \$35,000 in other fund expenditure authority, and 67.3 FTE. Changes to the budget for the Legislative Research Council include a decrease of \$104,852 due to a 35-day session and a reduction of 2.0 FTE. The Governor is also recommending a total decrease of \$10,000 for Legislative Audit.

Included in this budget is an increase of \$68,854 in general funds to fund the employee compensation package. The net change for the South Dakota Legislature is a decrease of \$162,386 in general funds.

UNIFIED JUDICIAL SYSTEM

The Governor's FY2010 recommendation for the Unified Judicial System includes increases of \$1,486,136 in general funds, \$1,992 in federal fund expenditure authority, and \$1,337,095 in other fund expenditure authority, for a total increase of \$2,825,223. This recommendation also contains 9.0 additional FTE.

Prior to salary policy and health insurance adjustments, expansion in personal services amounts to \$655,353 for nine (9) new FTE. The additional FTE needed include: one (1) Circuit Judge in Minnehaha County; one (1) Circuit Judge in Pennington County; one (1) Court Reporter in Minnehaha County; one (1) Court Reporter in Pennington County; one (1) Circuit Court Law Clerk in Pennington County; and one (1) Court Services Officer in Minnehaha County. Three (3) FTE are recommended to continue the Fourth Circuit Drug Court program. The Drug Court FTE include: one (1) Drug Court Coordinator; one (1) Drug Court Services Officer; and one (1) Drug Court Secretary.

The operating expenses budget of the Unified Judicial System is increasing by \$129,324 in general funds and \$1,302,545 in other fund expenditure authority. Operating expenses such as training, research consulting, and travel account for a portion of the rise along with the 1.5% provider inflation increase in Community Based Services. Additional operating expenses associated with the implementation of the Fourth Circuit Drug Court total \$80,500 in general funds.

The total FY2010 recommended budget totals \$43,634,433 and consists of \$36,041,367 in general funds, \$394,761 in federal fund expenditure authority, \$7,198,305 in other fund expenditure authority, and 527.4 FTE.

PUBLIC UTILITIES COMMISSION

The Governor recommends a decrease of \$39,422 in general funds, and increases of \$10,182 in federal fund expenditure authority and \$60,570 in other fund expenditure authority. This includes a one-time funding switch of \$40,575 from general funds to other funds to spend Grain and Warehouse funds. The total FY2010 recommended budget is \$519,289 in general funds, \$97,469 in federal fund expenditure authority, \$3,301,732 in other fund expenditure authority, and 30.2 FTE.

ATTORNEY GENERAL

The Governor's recommendation for the Office of the Attorney General is an overall budget increase of \$529,996. The FY2010 budget recommendation consists of an increase of \$518,910 in general funds, a decrease of \$440,681 in federal fund expenditure authority, and an increase of \$451,767 in other fund expenditure authority, with an additional 1.0 FTE. The total recommended FY2010 budget for the Office of the Attorney General is \$10,264,153 in general funds, \$3,565,360 in federal fund expenditure authority, and \$5,081,487 in other fund expenditure authority, for a total budget of \$18,911,000 and 156.0 FTE.

LEGAL SERVICES

The FY2010 budget represents an increase of \$410,226 in general funds, a decrease of \$303,588 in federal fund expenditure authority, an increase of \$127,727 in other fund expenditure authority, and an increase of 1.0 FTE. The FTE increase is for a Consumer Protection Investigator, which will be funded by the Consumer Settlement Fund. The Edward Byrne grant amount has decreased, resulting in a recommended funding switch from federal fund expenditure authority to general funds. The recommended budget for the Legal Services program is \$5,555,730 in general funds, \$1,158,187 in federal fund expenditure authority, and \$1,139,954 in other fund expenditure authority, for a total of \$7,853,871 and 76.0 FTE.

CRIMINAL INVESTIGATION

The FY2010 budget includes an increase of \$108,684 in general funds, a decrease of \$137,093 in federal fund expenditure authority, and an increase of \$284,952 in other fund expenditure authority. The general fund increase is primarily due to policy alignment for the Division of Criminal Investigation (DCI) agent overtime compensation. Increased other fund expenditure authority is recommended to support necessary Criminal Lab staff positions, which will be funded by revenues from record checks and by the law enforcement officer training fund. The overall recommended budget for the Division of Criminal Investigation is \$4,226,021 in general funds, \$2,407,173 in federal fund expenditure authority, and \$2,164,206 in other fund expenditure authority, for a total of \$8,797,400 and 67.5 FTE.

LAW ENFORCEMENT TRAINING

The Governor's recommendation for Law Enforcement Training is an increase of \$36,354 in other fund expenditure authority. The total budget for this division is \$482,402 in general funds and

\$1,570,356 in other fund expenditure authority, for a total of \$2,052,758 and 10.5 FTE.

911 TRAINING

The Governor is recommending an increase of \$2,734 in other fund expenditure authority. The total budget for this division is \$206,971 in other fund expenditure authority and 2.0 FTE.

SECRETARY OF STATE

The Governor's recommendation for the Secretary of State's FY2010 budget is \$987,386 in general funds, \$3,131,386 in federal fund expenditure authority, \$456,136 in other fund expenditure authority, and 15.3 FTE. This budget includes increases of \$13,141 to fund the employee compensation package. Also included in this budget is an increase of \$179,279 in other fund expenditure authority for software to develop an online corporate annual reports filing system. This recommendation includes proposed fee increases in business services in order to generate approximately \$1,070,277 in additional general fund revenue.

SCHOOL AND PUBLIC LANDS

The Governor's recommendation for the FY2010 School and Public Lands' budget is \$551,164 in general funds and \$225,000 in other fund expenditure authority, for a total budget of \$776,164 and 7.0 FTE. Included in this budget is an increase of \$6,442 in general funds for the employee compensation package, and decreases of \$125,000 of general funds and \$75,000 in other fund expenditure authority which were put into the budget during the 2008 Legislative Session to pay for a needs assessment for dam maintenance and repair on state owned dams, which will be completed in FY2009.

STATE AUDITOR

The Governor's recommendation includes an increase of \$30,067 in general funds. The total FY2010 recommended budget is \$1,244,136 in general funds and 18.0 FTE.

STATE TREASURER

The Governor's recommended budget includes an increase of \$5,032 in general funds and \$677,377 in other fund expenditure authority. The total FY2010 recommended budget consists of \$511,891 in general funds, \$11,803,542 in other fund expenditure authority, and 37.0 FTE.

TREASURY MANAGEMENT

The Governor's recommendation includes an increase of \$5,032 in general funds. The total recommended FY2010 budget consists of \$511,891 in general funds and 5.5 FTE.

UNCLAIMED PROPERTY - INFORMATIONAL

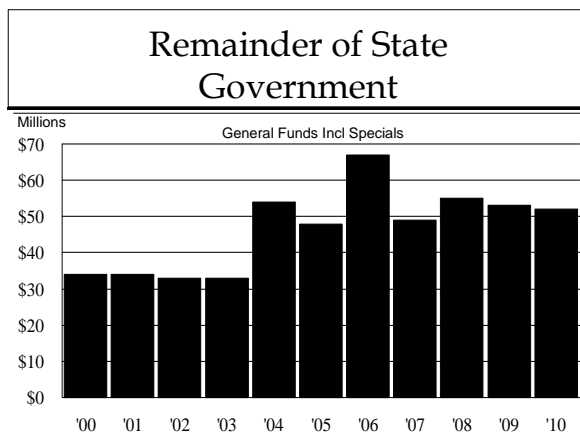
The Governor's recommendation includes an increase of \$3,606 in other fund expenditure authority. The total recommended FY2010 budget consists of \$2,897,958 in other fund expenditure authority and 3.5 FTE.

INVESTMENT COUNCIL

The Governor recommends an increase of \$673,771 in other fund expenditure authority for the Investment Council. Included is an increase of \$632,547 for personal services for the Investment Council's salary budget and \$41,224 in operating expenses. The total recommended FY2010 budget is \$8,905,584 in other fund expenditure authority and 28.0 FTE.

REMAINDER OF STATE GOVERNMENT

The budgets included in this category are 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 is comprised of a total increase of \$5.5 million for FY2010. This category accounts for a general fund decrease of \$0.4 million. In terms of the total state budget, this category has 24.8% of the total funds and 4.1% of the general funds, which amounts to \$906.4 million in total funding.



EXECUTIVE MANAGEMENT

The Governor's recommendation for the Department of Executive Management includes a decrease of \$448,491 in general funds, an increase of \$4,256 in federal fund expenditure authority, and a decrease of \$8,417,884 in other fund expenditure authority. The total FY2010 budget includes \$25,472,367 in general funds, \$3,425,164 in federal fund expenditure authority, and \$97,260,658 in other fund expenditure authority, for a total of \$126,158,189 and 689.3 FTE.

GOVERNORIAL DIVISION

The total recommended budget for this division is \$2,537,145 in general funds, \$264,348 in federal fund expenditure authority, and 23.0 FTE, for a total of \$2,801,493.

BUREAU OF FINANCE AND MANAGEMENT

The Governor recommends a general fund decrease of \$621,923 and an other fund expenditure authority increase of \$365,071. The general fund decrease is attributable to the Bureau of Finance and Management sale/leaseback agreement schedule. The recommended FY2010 budget is \$8,773,562 in general funds and \$7,151,616 in other fund expenditure authority, for a total FY2010 recommended budget of \$15,925,178 and 37.0 FTE.

BUREAU OF ADMINISTRATION

The Governor recommends a decrease of \$97,583 in general funds, an increase of \$252,293 in other fund expenditure authority, and a decrease of 1.0 FTE. The FTE reduction is within the Office of Hearing Examiners. The FY2010 recommended budget for this division is \$7,043,892 in general funds, \$500,000 in federal fund expenditure authority, and \$32,105,069 in other fund expenditure authority, for a total FY2010 budget of \$39,648,961 and 177.5 FTE.

BUREAU OF INFORMATION AND TELECOMMUNICATIONS

The Governor recommends an increase of \$211,019 in general funds, a decrease of \$9,107,542 in other fund expenditure authority, and an additional 1.0 FTE. The FTE and \$56,699 in other fund expenditure authority is recommended to provide support to the state's growing databases. General funds are recommended to replace a \$273,056 federal grant for State Radio that has been discontinued. A \$9,153,156 reduction in other fund expenditure authority for the Research, Education and Economic Development (REED) Network project is recommended. The Governor's

total recommended FY2010 budget for the Bureau of Information and Telecommunications is \$6,143,117 in general funds, \$2,160,816 in federal fund expenditure authority, and \$43,790,281 in other fund expenditure authority, for a total FY2010 recommended budget of \$52,094,214 and 380.3 FTE.

BUREAU OF PERSONNEL

The Governor's recommendation for the Bureau of Personnel includes an increase of \$5,550 in general funds and \$72,294 in other fund expenditure authority. The total FY2010 budget consists of \$974,651 in general funds, \$500,000 in federal fund expenditure authority, and \$14,213,692 in other fund expenditure authority, for a total of \$15,688,343 and 71.5 FTE.

MILITARY AND VETERANS' AFFAIRS

The Governor's recommendation for the Department of Military and Veterans' Affairs includes increases of \$224,673 in general funds, \$557,742 in federal fund expenditure authority, and \$168,392 in other fund expenditure authority. The total recommended FY2010 budget is \$6,573,617 in general funds, \$20,449,723 in federal fund expenditure authority, and \$4,831,640 in other fund expenditure authority, for a total of \$31,854,980 and 196.1 FTE.

OFFICE OF THE ADJUTANT GENERAL

The Governor's FY2010 total budget recommendation for the Office of the Adjutant General is \$685,686 in general funds, \$11,300 in federal fund expenditure authority, \$26,516 in other fund expenditure authority, and 4.3 FTE.

ARMY AND AIR GUARD

The Governor's recommendation for the Guard includes increases of \$59,911 in general funds and \$553,250 in federal fund expenditure authority. These increases are for utilities, salary policy, and the addition of a fourth STARBASE program. The total FY2010 recommended budget for the Army Guard is \$17,025,755 and 50.1 FTE. The total FY2010 recommendation for the Air Guard is \$4,973,293 and 41.0 FTE.

VETERANS' BENEFITS AND SERVICES

The total recommended FY2010 budget for Veterans' Benefits and Services is \$1,149,932 in general funds and \$278,012 in federal fund expenditure authority, for a total of \$1,427,944 and 18.0 FTE.

STATE VETERANS' HOME

The Governor's recommendation for the State Veterans' Home includes increases of \$136,378 in general funds and \$167,979 in other fund expenditure authority. Of the total general fund increases, \$45,191 is for utilities and \$50,000 is for maintenance and repair. The total recommended FY2010 budget is \$2,411,862 in general funds, \$487,500 in federal fund expenditure authority, and \$4,805,124 in other fund expenditure authority, for a total budget of \$7,704,486 and 82.7 FTE.

REVENUE AND REGULATION

The Governor's recommended budget for the Department of Revenue and Regulation totals \$71,854,045, and consists of \$1,324,081 in general funds, \$70,529,964 in other fund expenditure authority, and 328.1 FTE. The Governor is recommending decreases of \$5,621 in general funds and \$546,000 in federal fund expenditure authority, and increases of \$30,580 in other fund expenditure authority and 1.0 FTE.

SECRETARIAT

The Governor's recommendation includes an increase of \$2,286 in general funds and \$45,234 in other fund expenditure authority. The total FY2010 recommended budget consists of \$166,936 in general funds, \$3,688,881 in other fund expenditure authority, and 39.5 FTE.

BUSINESS TAX

The Governor's recommendation includes an increase of \$96,393 in other fund expenditure authority. This includes an increase of \$47,830 in other fund expenditure authority for the 7% increase in postage rates, the 9% increase of active licensees, and the 29% increase in billing notices experienced over the past three years. The total FY2010 recommended budget consists of \$3,696,673 in other fund expenditure authority and 51.0 FTE.

MOTOR VEHICLES

The Governor's recommendation includes a decrease of \$546,000 in federal fund expenditure authority and an increase of \$1,511,350 in other fund expenditure authority. This includes decreases of \$546,000 of federal fund expenditure authority and \$909,000 of other fund expenditure authority which reflects the completion of the new system for the International Fuel Tax Agreement and International Registration Plan. This is expected to be completed in FY2009. This recommendation also includes an increase of \$2,205,540 in other fund expenditure authority for

the FY2010 costs associated with the 2011 new license plate production, of which 60% of the total costs are anticipated in FY2010. Also included is an increase of \$173,145 in other fund expenditure authority as the division is now responsible for mailing motor vehicle registration notices. The total FY2010 recommended budget consists of \$8,084,580 in other fund expenditure authority and 49.1 FTE.

PROPERTY AND SPECIAL TAXES

The Governor's recommendation includes an increase of \$185,067 in general funds and 2.0 FTE. Included are increases of \$116,605 in general funds and 2.0 FTE that are recommended to address the increasing workload in both the Property Tax and Special Tax area. The Property and Special tax division has been impacted by many changes in legislation over the past year, including changes in wine, alcohol, and liquor licenses for special taxes and changes in the valuation of agriculture land for property taxes. In addition, an increase of \$50,000 in general funds is recommended to contract for audits of financial institutions. The recommended FY2010 budget consists of \$1,157,145 in general funds and 16.0 FTE.

AUDITS

The recommended FY2010 budget consists of a decrease of \$192,974 in general funds, an increase of \$63,670 in other fund expenditure authority, and a decrease of 2.0 FTE. Included is a decrease of \$192,974 in general funds and 2.0 FTE as the division was unable to hire qualified bank tax auditors and therefore these positions are no longer needed. The total FY2010 budget consists of \$3,687,805 in other fund expenditure authority and 56.0 FTE.

BANKING

The Governor's recommendation is increases of \$88,424 in other fund expenditure authority and 1.0 FTE. The additional FTE will be classified as a financial institution examiner to address the increase in state-chartered bank and trust assets. The recommended FY2010 budget is \$1,944,604 in other fund expenditure authority and 21.5 FTE.

SECURITIES

The Governor's recommendation includes an increase of \$18,540 in other fund expenditure authority. Included is an increase of \$11,395 in other fund expenditure authority to grow salaries due to additional knowledge and duty requirements within the division. The total FY2010 recommended budget consists of \$416,068 in other fund expenditure authority and 5.0 FTE.

INSURANCE

The Governor's recommendation includes an increase of \$30,348 in other fund expenditure authority. The total recommended FY2010 budget consists of \$1,846,934 in other fund expenditure authority and 28.0 FTE.

INSURANCE FRAUD UNIT - INFORMATIONAL

The Governor's recommendation includes an increase of \$4,937 in other fund expenditure authority. The total recommended FY2010 budget is \$327,163 in other fund expenditure authority and 4.0 FTE.

PETROLEUM RELEASE COMPENSATION

The Governor's recommendation includes an increase of \$6,888 in other fund expenditure authority. The total recommended FY2010 budget for the Petroleum Release Compensation is \$2,558,248 in other fund expenditure authority and 5.0 FTE.

LOTTERY

The Governor's recommendation includes a decrease of \$1,863,968 in other fund expenditure authority. Included in the recommended budget is a decrease of \$1,900,000 in other fund expenditure authority that reflects the replacement of the video lottery central system that will be partially completed in FY2009 and is expected to be fully completed in FY2010. The total recommended FY2010 budget for Lottery is \$33,196,306 of 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 Governor is recommending an increase of \$24,598 in other fund expenditure authority. The total FY2010 recommended budget for the Boards and Commissions is \$11,082,702 in other fund expenditure authority and 22.0 FTE.

TOURISM AND STATE DEVELOPMENT

The Governor's recommended budget for the Department of Tourism and State Development totals \$87,277,141, and consists of \$11,913,554 in general funds, \$14,576,332 in federal fund expenditure authority, \$60,787,255 in other fund expenditure authority, and 252.6 FTE. The Governor is recommending increases of \$115,820 in general funds, \$31,339 in federal fund

expenditure authority, and \$8,868,886 in other fund expenditure authority.

ECONOMIC DEVELOPMENT

The total recommended budget for Economic Development consists of \$2,587,474 in general funds, \$11,273,908 in federal fund expenditure authority, and \$11,629,502 in other fund expenditure authority, for a total budget of \$25,490,884 and 40.8 FTE. The Governor's recommendation includes increases of \$27,968 in general funds, \$6,929 in federal fund expenditure authority, and \$7,773 in other fund expenditure authority for the employee compensation package.

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 FY2010, the Governor is recommending an increase of \$876,738 in other fund expenditure authority for additional advertising, promotions, and industry co-ops. This number is based on a projected 7.3% growth in gaming revenues, 7.0% growth in promotion tax revenues, and an additional \$450,000 available for industry co-ops. The total FY2010 recommended budget consists of \$2,000,000 in general funds, \$10,561,301 in other fund expenditure authority, and 23.8 FTE.

RESEARCH COMMERCE

The Governor is recommending \$4,045,003 in general funds and 2.0 FTE for the Division of Research Commerce.

TRIBAL GOVERNMENT RELATIONS

The Governor's recommendation for the FY2010 Tribal Government Relations budget is \$228,095 in general funds and 3.0 FTE.

CULTURAL AFFAIRS

The total recommended FY2010 Cultural Affairs budget consists of \$3,052,982 in general funds, \$1,618,158 in federal fund expenditure authority, and \$2,164,521 in other fund expenditure authority, for a total budget of \$6,835,661 and 48.0 FTE.

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY - INFORMATIONAL

The total recommended FY2010 South Dakota Housing Development Authority budget is \$10,349,613, and consists of \$1,684,266 in federal fund expenditure authority, \$8,665,347 in other fund expenditure authority, and 65.0 FTE. An additional

FTE is recommended to administer South Dakota's portion of the Housing Recovery Act of 2008.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY - INFORMATIONAL

The total recommended FY2010 budget for the South Dakota Science and Technology Authority is \$27,709,492 in other fund expenditure authority and 70.0 FTE. An increase of \$7,587,660 in other fund expenditure authority is being recommended for FY2010 due to the approval of additional expenditures by the South Dakota Science and Technology Authority Board of Directors.

TRANSPORTATION

The Department of Transportation's recommended FY2010 budget contains \$525,811 in general funds, \$310,359,872 in federal fund expenditure authority, \$183,542,285 in other fund expenditure authority, and 1,040.3 FTE, for a total budget of \$494,427,968. The FY2010 budget reflects increases of \$5,986 in general funds and \$4,735,976 in federal fund expenditure authority, and a decrease of \$258,022 in other fund expenditure authority.

The Governor's total FY2010 recommended budget for General Operations includes \$525,811 in general funds, \$32,322,769 in federal fund expenditure authority, and \$135,114,837 in other fund expenditure authority, for a total budget of \$167,963,417 and 1,040.3 FTE. This budget includes: an increase of \$3,924,814 in federal fund expenditure authority for transit and metropolitan grants; an increase of \$6,496,698 in other fund expenditure authority due to the rising costs of motor fuels, road oil, asphalt, road salt, utilities, cutting edges, and paint; and an increase of \$1,969,523 in other fund expenditure authority for heavy fleet equipment and the repair and replacement of statewide infrastructure.

The recommended budget for Construction Contracts includes a decrease of \$10,000,000 in other fund expenditure authority due to the department no longer participating in the 90/10 SWAP program. The total budget for Construction Contracts is \$326,464,551 and makes up 66% of the Department of Transportation's budget. The \$326,464,551 budgeted for Construction Contracts is informational.

LABOR

The Governor's recommendation for the Department of Labor is \$885,498 in general funds, \$35,104,193 in federal fund expenditure authority, \$7,022,708 in other fund expenditure authority, and

428.5 FTE. This recommendation includes an increase of \$13,495 in general funds, \$373,505 in federal fund expenditure authority, and \$167,560 in other fund expenditure authority. 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 budgets for six professional and occupational licensing boards 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 FY2010 of \$2,839,665, which is a total increase of \$39,137 in other fund expenditure authority. These boards are self-supporting through their fee systems. The boards include: Board of Accountancy, Board of Barber Examiners, Cosmetology Commission, Plumbing Commission, Board of Technical Professions, and the Electrical Commission.

SOUTH DAKOTA RETIREMENT SYSTEM

The recommended budget for the South Dakota Retirement System is \$3,746,049 in other fund expenditure authority and 33.0 FTE. The recommendation includes an increase of \$123,805 in other fund expenditure authority. This increase includes \$90,000 for utilizing a full-time BIT developer.

PUBLIC SAFETY

The Department of Public Safety has a total FY2010 recommended budget of \$51,849,928, including \$3,745,857 in general funds, \$21,591,438 in federal fund expenditure authority, \$26,512,633 in other fund expenditure authority, and 417.5 FTE.

ADMINISTRATION

The Governor recommends an increase of \$2,084 in general funds, \$2,948 in federal fund expenditure authority, and \$10,454 in other fund expenditure authority. The division of Administration's total recommended budget is \$870,258, including \$107,725 in general funds, \$125,992 in federal fund expenditure authority, \$636,541 in other fund expenditure authority, and 8.5 FTE.

ENFORCEMENT

The division of Enforcement includes the Highway Patrol, Accident Records, Highway Safety, and State Radio. The Governor recommends a

decrease of \$426,931 in general funds, an increase of \$14,363 in federal fund expenditure authority and \$1,784,923 in other fund expenditure authority. The recommended expansion for the Highway Patrol is a decrease of \$451,512 in general funds and an increase of \$1,433,768 in other fund expenditure authority. Proposed fee increases in the Driver Licensing program within the Department of Public Safety and vehicle registration fees within the Department of Revenue and Regulation will contribute to the operational costs of the Highway Patrol. The total FY2010 recommendation consists of \$1,405,132 in general funds, \$5,548,724 in federal fund expenditure authority, \$19,358,051 in other fund expenditure authority, and 282.0 FTE.

EMERGENCY SERVICES AND HOMELAND SECURITY

The division of Emergency Services and Homeland Security includes Emergency Management, Emergency Medical Services, the State Fire Marshal, and the Office of Homeland Security. The Governor recommends an increase of \$62,667 in general funds, a decrease of \$2,477,280 in federal fund expenditure authority, and an increase of \$2,355 in other fund expenditure authority. Since the availability of federal funds in Homeland Security has decreased, a reduction in federal fund expenditure authority is recommended. The total recommended budget for the Emergency Services and Homeland Security division is \$17,790,626, including \$1,562,783 in general funds, \$15,916,722 in federal fund expenditure authority, \$311,121 in other fund expenditure authority, and 36.5 FTE.

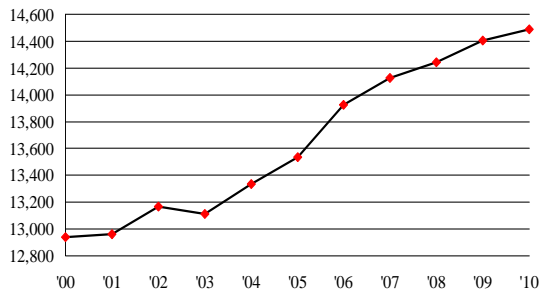
INSPECTION AND LICENSING

This division includes Weights and Measures, Driver Licensing, and Inspections. The Governor recommends increases of \$95,581 in general funds, \$831,419 in other fund expenditure authority, and 3.0 FTE. This includes an other fund expenditure authority increase for driver licensing production and issuance, which will be funded with a proposed increase in fees. The total recommended FY2010 budget includes \$670,217 in general funds, \$6,206,920 in other fund expenditure authority, and 90.5 FTE.

FTE CHANGE

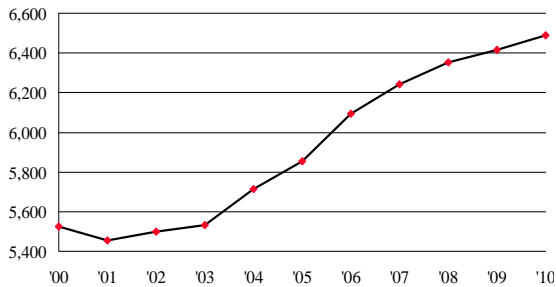
The total appropriated FTE increased from 12,938.1 in FY2000 to a recommended level of 14,488.6 for FY2010. This is a difference of 1,550.5 FTE over a ten-year period.

**FTE History
All of State Government**



For offices outside the control of the Governor, total appropriated FTE grew from 5,523.7 in FY2000 to a recommended 6,490.7 for FY2010. This is an increase of 967.0 FTE, or 17.5%.

**FTE History for Offices
Outside Control of Governor**



The agencies under direct control of the Governor had total appropriated FTE of 7,414.4 in FY2000. The FY2010 budget recommendation brings the FTE to a level of 7,997.9. This is an increase of 583.5 FTE, or 7.9%, during the decade.

**FTE History for Offices
Under Control of Governor**

