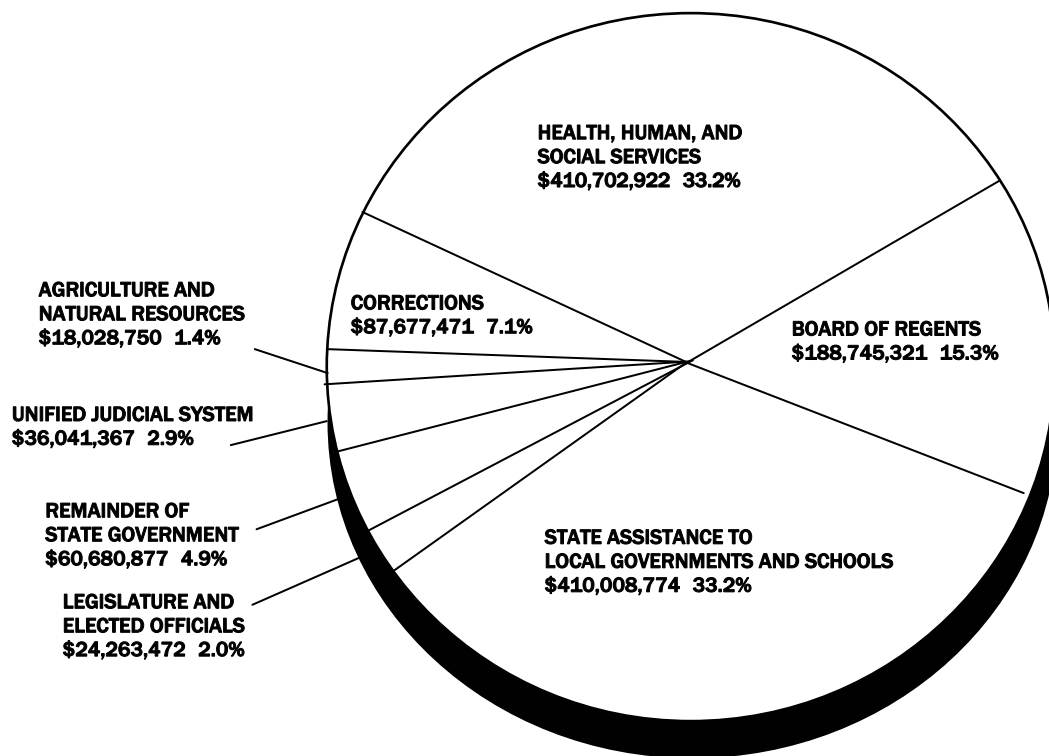


STATE OF SOUTH DAKOTA SUMMARY OF GOVERNOR'S BUDGET FISCAL YEAR 2010

**BEGINNING JULY 1, 2009
ENDING JUNE 30, 2010**

OUR 120th YEAR OF A BALANCED BUDGET



M. MICHAEL ROUNDS, GOVERNOR

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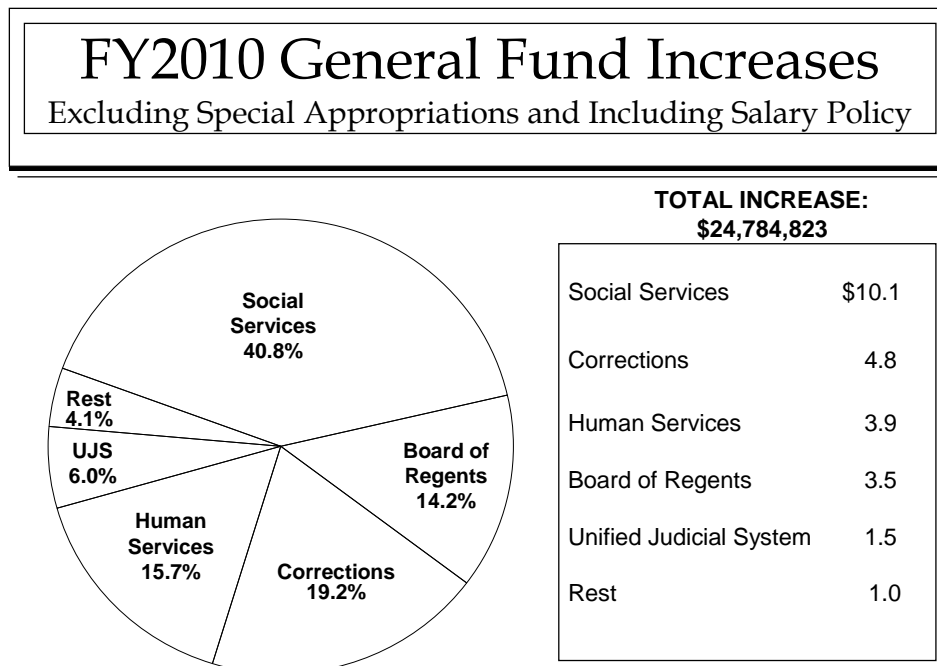
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SUMMARY OVERVIEW

Governor Rounds is recommending a budget (including special appropriations) for FY2010 totaling \$3,670,641,608, and 14,488.6 FTE. This represents an overall increase of \$57,702,792 in total funds and an increase of 101.7 FTE over FY2009. For FY2010, the Governor is proposing a general fund budget of \$1,236,148,954, which is an increase of \$9.0 million over the FY2009 budget. The proposed FY2010 general fund budget is distributed as follows:

- \$407.5 million, or 33.0% for Aid to Schools;
- \$410.7 million, or 33.2% for Health, Human, and Social Services;
- \$188.7 million, or 15.3% for Higher Education;
- \$ 87.7 million, or 7.1% for Corrections;
- \$ 60.3 million, or 4.9% for the Legislature, Unified Judicial System, Public Utilities Commission, and Elected Officials;
- \$ 18.0 million, or 1.5% for Agriculture; Environment and Natural Resources; and Game, Fish, and Parks; and,
- \$ 60.7 million, or 4.9% for the Remainder of State Government.

The graph below depicts the FY2010 recommended general fund increases, excluding special appropriations and including salary policy.



U.S. AND SOUTH DAKOTA ECONOMIC FORECASTS

U.S. ECONOMY

RECENT ECONOMIC ACTIVITY

The following section briefly summarizes recent economic activity in the United States based on Global Insight's November U.S. Economic Outlook summary. Global Insight is one of the most respected economic forecasting firms in the world.

The credit crisis has accelerated over the past several weeks and real GDP growth turned negative in the third quarter of 2008 registering -0.3% growth. There is no doubt that the U.S. economy is in a recession and the only question is how deep the recession is going to be. Financial markets have gone into a panic and credit markets remain frozen. The Federal Reserve, along with the U.S. Congress and the President, are using extraordinary tools to try to avoid a deep recession. The Federal Reserve has aggressively cut the federal funds target rate by 3.5% from a year ago. The rate now stands at 1.0%, which ties with the lowest rate on record. It is expected that the Federal Reserve will cut the rate by an additional 50 basis points by the end of the year, and a zero rate is possible in this economic cycle. In addition to cutting the Federal Funds rates, the Federal Reserve has expanded its term auction facility, and created a commercial paper funding facility and money market investor funding facility in an effort to increase liquidity in the credit system so banks are more willing to extend credit.

In addition to the Federal Reserve's actions, the \$700 billion Troubled Asset Relief Act was passed by the U.S. Congress and signed by the President, which allows the Secretary of the Treasury broad authority to purchase or to fund commitments of troubled assets. This act has evolved into an equity injection of which the first \$250 billion has been used to purchase preferred equity in banks, with the intent of re-capitalizing banks so they are more willing to extend credit. This package continues to evolve as the credit crisis has evolved over the past several weeks, although the ultimate goal has not changed, which is to curb the current credit crisis allowing financial markets to return to normal.

In terms of GDP, the US economy responded from a weak 0.9% growth rate in the first quarter of 2008 with solid growth of 2.8% in the second quarter. However, some of the growth in the second quarter can be attributed to the economic stimulus package that sent tax rebate checks to consumers over the spring and summer months. As mentioned earlier, growth in the third quarter has turned negative at -0.3%. The negative growth rate experienced in the

third quarter is attributed to many issues in the economy at the present time. The adverse impacts of the credit crisis, which has led to declining employment, consumers retrenching, a continued contraction in the housing sector, and a possible global recession are all adding to the negative growth. Growth as measured by GDP is expected to decline over the next three quarters.

The negative GDP growth registered in the third quarter along with the intensified shocks of the credit crisis is spreading the recession globally. Export orders are now falling and declines in the labor market are accelerating. GDP growth in the fourth quarter is expected to decline sharply as consumer spending falls and the housing sector continues to decline. Employment fell by more than 200,000 per month in September and October and similar losses are expected through the end of the first quarter of 2009. Inflation is no longer a concern as commodity prices have fallen drastically. Oil prices have dropped from a peak of nearly \$150/bbl earlier this summer to the recent range of \$50-\$60/bbl which is providing much needed relief to consumers.

The following are recent key national economic statistics:

- The unemployment rate jumped from 6.1% in September to 6.5% in October. The October rate was 1.7% higher than the unemployment rate recorded in October 2007.
- The Institute of Supply Management's (ISM) purchasing managers' index for manufacturing was 38.9 in October down from 43.5 in September. This was the 3rd consecutive month the index has been below 50 and has decreased since June. A reading below 50 usually indicates the manufacturing sector is contracting, which has been the trend for the past three months.
- The ISM nonmanufacturing business activity index declined from 50.2 in September to 44.4 in October. A reading below 50 indicates the non-manufacturing sector is contracting. The decrease in the index was attributed to many factors, the largest being contracting employment and contracting business activity.
- Nonfarm productivity grew 3.6% in the second quarter and slowed to 1.1% growth in the third quarter of 2008. The productivity gains were smaller in the third quarter, mainly due to falling hours at work.

- In the first two quarters of 2008, personal income increased at an annual rate of 3.0% and 7.9%. The large increase in the second quarter is partially due to the economic stimulus tax rebates that went to consumers during the second quarter. Personal income grew 5.6% in 2005, 7.1% in 2006, and 6.1% in 2007.
- Real Personal Consumption increased 1.2% in the second quarter and decreased 3.1% in the third quarter. The decline realized in the third quarter is the largest decline registered in 28 years. The personal savings rate (percentage of disposable income) was 1.3% in the third quarter. This compares to the savings rate from the third quarter of 2007 of 0.5%, indicating that consumers are saving more and spending less than a year ago.
- Total construction spending was down 0.3% in September compared to August. Private construction grew 0.1%, while public construction fell 1.3%.
- At an annual rate, in the first three quarters of 2008, housing starts were 1.053 million units, 1.025 million units, and 0.879 million units. Housing starts were 2.073 million units in 2005, 1.812 million units in 2006, and 1.341 million units in 2007.

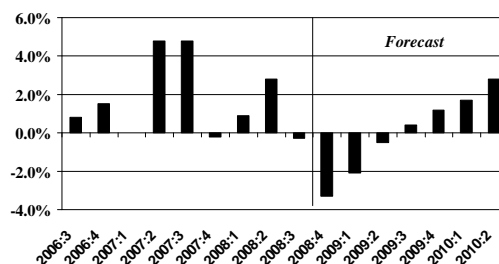
NATIONAL FORECAST HIGHLIGHTS

This section summarizes Global Insight's forecast as of November 2008 for various categories of the U.S. economy.

GDP: The U.S. economy has taken a turn for the worse over the past several weeks. The recession is now deepening as governments and central banks are trying to unfreeze lending markets. Credit conditions will ease slowly, but they cannot prevent a global recession. Consumer spending is falling, housing starts are still declining, and the manufacturing sector is contracting. The periods of greatest risk lie in the next three quarters. Global Insight's view is that the current recession will be the worst since 1982, currently forecasting four consecutive quarterly declines in GDP. In 2009, real GDP growth is forecast to decline by 1.0%.

In the first three quarters of this year, GDP grew 0.9%, 2.8%, and -0.3%, respectively. In the fourth quarter, GDP growth is forecast to be negative at -3.3%. In the four quarters in 2009, Global Insight is projecting GDP growth of -2.1%, -0.5%, 0.4% and 1.2%. In 2010, GDP is forecast to increase 1.7% in the first quarter and 2.8% in the second quarter.

Global Insight's Baseline Forecast of GDP



On an annual basis, GDP grew 2.5% in 2003, 3.6% in 2004, 3.1% in 2005, 2.9% in 2006 and 2.0% in 2007. Global Insight's latest forecast shows GDP growth of 1.3% in 2008, -1.0% in 2009, and 1.7% in 2010.

CONSUMERS: Consumer spending is a key role in supporting economic growth, as consumption accounts for approximately two-thirds of economic activity as measured by GDP. Real consumer spending rose 2.8% in 2003, 3.6% in 2004, 3.0% in 2005, 3.0% in 2006, and 2.8% in 2007. In 2008, real consumption growth has been 0.9%, 1.2%, and -3.1% in each of the first three quarters. Real consumer spending is anticipated to be -3.0% in the fourth quarter of 2008. The decline of 3.1% that was realized in the third quarter was the first real decline in consumer spending since the fourth quarter of 1991, and was the largest quarterly drop since the spring of 1980. Retail sales fell drastically during October in the face of the mounting job losses and restricted credit availability. Spending on home furnishings, clothing, food, air travel, and recreation has fallen off sharply as the turmoil in financial markets has shattered consumer confidence. The Consumer Board's consumer confidence index dropped from 61.4 in September to 38.0 in October, the lowest reading in the survey's 41 year history. On an annual basis, real consumption is projected to grow 0.4% this year and then slow to 0.2% in 2009. When the credit crisis begins to ease and the housing sector begins to recover, consumer spending growth will pick up to 1.8% in 2010 and 2.1% in 2011.

The savings rate (% of disposable income) was 1.3% in the third quarter of 2008. The savings rate is expected to increase due to consumers cutting back on discretionary spending. The savings rate is projected to be 1.8% in 2008 and increase to 4.6% in 2009 and 2.9% in 2010. In 2005, 2006, and 2007, the savings rate has been 0.4%, 0.7%, and 0.6%, respectively.

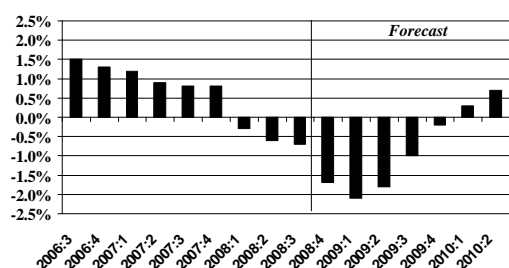
EMPLOYMENT: The latest employment report shows that nonfarm employment fell by 240,000 jobs in the U.S. in October, and additional reductions are

expected in the next several months. The sectors that showed losses included manufacturing, construction, and many service providing industries. The health care and mining sectors continued to add jobs. Due to an economy that is in recession, it is expected that year-over-year job losses will continue throughout most of 2009 and employment levels will not regain their November 2007 peak until late 2011. The current forecast shows employment in 2008 is estimated to decline 0.1 million jobs and is expected to decline an additional 2.0 million jobs in 2009. In 2010, slow growth should return, adding just 0.1 million jobs over the entire year.

The unemployment rate in October was 6.5%, which is 1.7% higher than the unemployment rate reported last year at this time and 0.4% higher than in September. The unemployment rate is expected to rise over the next several months, reaching a peak of 8.3% in the second quarter of 2010. On an annual basis the unemployment rate was 5.1% in 2005, 4.6% in 2006, and 4.6% in 2007. In 2008 and 2009, the unemployment rate is projected to be 5.7% and 7.7%, respectively. In 2010, the unemployment rate is projected to peak at 8.2% and then gradually improve.

Nonfarm payroll employment has realized negative growth in all three quarters of 2008 at -0.3%, -0.6%, and -0.7%. Payroll employment growth is projected to be negative at -1.7% in the fourth quarter and -2.1%, -1.8%, -1.0%, and -0.2% in the four quarters of 2009. In the first two quarters of 2010, payroll employment is projected to reverse the negative trends with growth of 0.3% and 0.7%.

Global Insight's Baseline Forecast of Payroll Employment



On an annual basis, payroll employment in the U.S. decreased 1.1% in 2002 and 0.3% in 2003, and increased 1.1% in 2004, 1.7% in 2005, 1.8% in 2006, and 1.1% in 2007. Payroll employment is forecasted to decline 0.1% in 2008, 1.5% in 2009, and increase 0.1% in 2010.

HOUSING: The recession in housing has not showed signs of recovery and the financial crisis that has accelerated since September has added a new factor to the housing downturn. Credit availability,

which was already in a tightened state, has become even more difficult to obtain. The current forecast indicates that housing starts will continue to slide over the course of 2008, going under 1 million starts for the first time since 1945. The homeowner vacancy rate (the proportion of home-owner inventory that is vacant and for sale) remained at 2.8% at the end of the third quarter, just below the all-time high of 2.9% set in the first quarter. Despite sharp drops in housing starts, this is a sign that household formation has slowed as people who are losing their jobs or losing their homes to foreclosures move in with relatives or friends, which is one more hurdle for the housing sector to overcome. In the forecast, the median price of existing homes will drop 20% from third-quarter levels and will level out in early 2010.

The housing forecast indicates that housing starts will decrease 30.9% in 2008 and 22.9% in 2009 with the bottom being in the second quarter of 2009. The market for existing home sales has many challenges to overcome, including tightening credit, low consumer sentiment, and an economy that is losing jobs at an alarming rate. Global Insight is expecting the median price of existing homes to decline 8.7% in 2008, 10.9% in 2009, and 3.1% in 2010. Total housing starts are projected to be 0.93 million units in 2008, dropping to 0.72 million units in 2009, then recovering to 1.08 million units in 2010. In 2005, 2006, and 2007, total housing starts were 2.07, 1.81, and 1.34 million units, respectively.

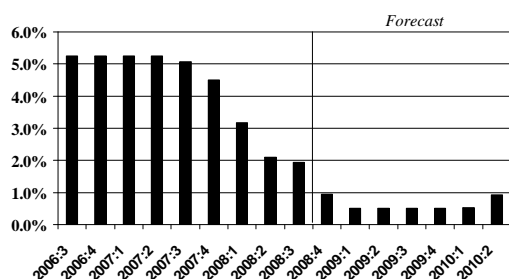
INFLATION: Inflation expectations have plunged due to the global economic downturn and are no longer a concern for the Federal Reserve. Core personal consumption expenditures (PCE) inflation continued its gradual improvement, falling to 2.4% year-over-year in September. Headline CPI inflation is expected to decelerate from 2.0% year-over-year (y/y) growth in the fourth quarter of 2008 to a low of -2.5% y/y in the third quarter of 2009. With expectations that the economy will contract through the first two quarters of 2009, headline inflation is expected to be -0.9% in 2009 which would be the first ever yearly deflation on record. The core CPI is expected to stay positive through the upcoming year, but falls as low as 1.0% y/y in the final quarter of 2009. The worsening economic growth picture and improvement in inflation fundamentals will allow the Federal Reserve to hold the target Federal Funds rate at 1.0% (or lower) through 2009.

The CPI increased 3.4% in 2005, 3.2% in 2006, and 2.9% in 2007. The CPI is forecasted to increase 3.9% in 2008, decline 0.9% in 2009, and increase 2.4% in 2010. The producer price index for finished goods rose 4.9%, 3.0%, and 3.9% in 2005, 2006, and 2007, respectively. It is expected to grow 6.6%

in 2008, decline 5.5% in 2009, and increase 1.9% in 2010.

MONETARY AND FISCAL POLICY: The Monetary policy has been very aggressive during the economic downturn over the past several months, with the Federal Reserve using many new tools to try to stimulate the credit markets by injecting liquidity into the banking system. The Federal Reserve has cut the federal funds target rate to 1.0%, which ties the lowest ever on record. In addition, the Federal Reserve has instituted expansions of the term auction facility (TAF), as well as new money market fund and commercial paper facilities, committing almost \$2 trillion of short-term lending over the next few months. The Federal Reserve has shifted its attention to deflationary pressures in the economy as inflation is not an issue now. The Federal Reserve is expected to cut the federal funds rate by an additional 0.50% by the end of 2008 and the rate is expected to remain at that level until early 2010.

Global Insight's Baseline Forecast
of the Federal Funds Rate



The federal deficit for fiscal year 2008 was \$455 billion which was a large increase from \$163 billion in the previous fiscal year. The large increase in the deficit is a result of increased defense expenditures, increased expenditures as a result of the economic stimulus act of 2008, and declining tax receipts. Global Insight's forecast for the federal unified deficit is to increase to \$1,131 billion in 2009 as revenue growth decelerates and expenditure growth increases due to an assumed second stimulus package in 2009 totaling \$50 billion and the recently enacted Troubled Asset Relief Program (TARP). After growing 4.2% in 2004, 1.5% in 2005, and 2.2% in 2006, and 1.6% in 2007, real federal government purchases are expected to increase 5.3% in 2008, 1.5% in 2009, and decrease 0.9% in 2010.

INTERNATIONAL: The U.S. credit market crisis is a problem for the world economy as the crisis is spreading globally. The forecast for Global growth is estimated at 1.1% in 2009, meeting Global Insight's view of a global recession (threshold of 2%) as deteriorating financial conditions have accelerated. The forecasts for real GDP growth for 2009 for the United States, Eurozone, Japan, and

Canada are -1.0%, -0.5%, -0.5% and 0%, respectively. China's economy is expected to slow sharply as well. China's real GDP grew 11.9% in 2007 and is expected to slow to 9.4% in 2008 and 7.3% in 2009. Recently, China announced a stimulus package totaling \$587 billion(US) sending a message that the government is concerned about the effect of slowing economic growth on social stability and is prepared to take the steps necessary to prop up demand. If efforts by the world's central banks and governments to supply liquidity and stabilize markets fail, the result will be a prolonged global slowdown and a sharper tightening of credit. If commodity price deflation continues, it will greatly impact regions that depend on commodity exports. The world economy forecast is for slow growth in 2009, with the United States leading the downturn. After growing 3.9% in 2007, world GDP is projected to increase 2.7% in 2008 and just 1.1% in 2009.

The U.S. trade deficit improved in September to \$56.5 billion from the August deficit of \$59.1 billion. The largest source of trade improvement came from falling oil prices. The improvement in the U.S. trade deficit throughout much of 2008 was from an export boom due to a weakening of the U.S. dollar. Recently the dollar has strengthened and some of the United States' key trading partners are now on the brink of recession, most notably Europe and Canada. Thus, the export boom is expected to slow. In October, the ISM-manufacturing export orders index fell to 41 from September's level of 52, which is the largest monthly decline ever, signaling that exports are likely to soften in the months ahead. In addition, imports are beginning to fall as oil prices have dropped drastically and weakening consumer spending is creating lower demand for raw materials. Overall, Global Insight is forecasting the real deficit will narrow to \$379.7 billion in 2008, \$274.8 billion in 2009 and then increase to \$361.0 billion in 2010. However, much of the improvement in 2009 is a result of lower imports due to falling demand and weakening consumer spending.

The dollar has reversed the downward trend recently, as interest-rate gaps in Europe and Canada are more favorable and both of their economies are on the brink of recession. Global Insight expects the rally in the dollar through the fourth quarter of 2008, but over the long term downward pressure on the dollar will still exist.

RISKS TO THE FORECAST

The world economy is facing a severe financial crisis. Banks have sharply reduced lending and companies are cutting back on capital spending and laying off employees. The stock market is down over 30% since the first of the year. The real economy is feeling these impacts. There is a 15% probability

that only a mild recession will occur and a deep recession can be avoided. In Global Insight's optimistic scenario, GDP is projected to grow 1.4% in 2008, 0.4% in 2009, and 2.8% in 2010. A few key differences exist between the optimistic scenario and the baseline scenario. First, total factor productivity is enhanced, as the optimistic forecast assumes the economic growth is enhanced by a reinvigorated information technology sector. The second key assumption in the optimistic scenario is that the contraction in business fixed investment recovers by 2010 as credit begins flowing. The downturn in residential investment is also less severe and housing starts will begin to recover in the second quarter of 2009, averaging 147,000 housing units per quarter higher than in the baseline scenario. Third, the optimistic scenario assumes faster growth in the rest of the world, with a dollar that is initially weaker than the baseline, but stronger in the longer term. These different assumptions would produce a brighter economic outlook in the U.S. and provide a mild recession that is less severe than the baseline or pessimistic scenario.

Global Insight's pessimistic scenario has a 25% probability of a deep recession occurring, and projects that the financial crisis will worsen, sending the economy into a tailspin with credit markets remaining frozen domestically and across the world. Oil prices are lower in the short run as world demand falls, which causes inflation and core inflation to be lower. The low inflation allows the Federal Reserve to bring rates to 0.0% early in 2009. Housing starts are lower in the pessimistic scenario and the median price of existing homes falls nearly 15% below the baseline in 2010. The drop in wealth from falling home prices and a decline in job growth causes consumers to retrench sharply. Capital spending is also weaker, due to the bleaker economic outlook. Foreign economic growth is lower which cuts into export growth in the pessimistic scenario. Over the long term, GDP growth remains slower than in the baseline, mainly because productivity advances only 1.5% on average over the next 10 years, compared with 1.9% in the baseline. In the pessimistic scenario, real GDP contracts 2.4% in 2009 and rebounds with only 0.3% growth in 2010 with the economy registering six quarters of negative GDP growth. In addition, employment drops for 10 straight quarters, a total job loss of 4.8 million over the course of the downturn. In the pessimistic scenario, peak to trough, real GDP drops 3.3%, worse than the 1973-1975 and 1981-1982 recessions.

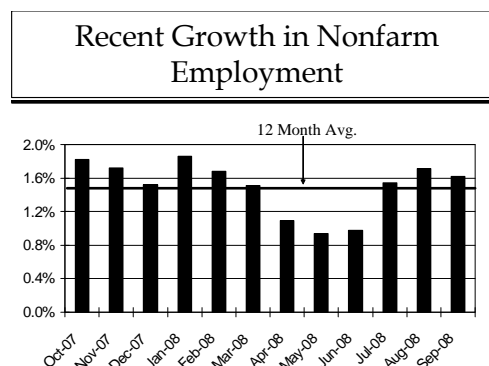
SOUTH DAKOTA ECONOMY

RECENT ECONOMIC ACTIVITY

This section briefly summarizes recent economic activity in South Dakota. A prime indicator of a state's economic health is the growth rate of nonfarm employment, as it is considered by most economists as the most timely and comprehensive measure of the performance of a state's economy.

In terms of nonfarm employment growth, the South Dakota economy has outperformed the national economy over the past several years. Nonfarm employment growth in South Dakota grew at an average rate of 1.5% from 2002 through 2007, approximately 0.4% higher than the U.S. nonfarm employment growth rate of 1.1% over the same time period.

After adding 8,500 jobs in 2006 and 8,000 jobs in 2007, jobs continue to be added in South Dakota in 2008 although at a slower pace. In September 2008, nonfarm employment was up 1.62% over September 2007. The current forecast indicates that 5,500 jobs will be added in South Dakota in 2008.



The following are some recent key South Dakota economic statistics:

- In the last twelve months (October 2007 through September 2008), nonfarm employment in South Dakota grew 1.50% over the same period a year ago. Sectors that experienced strong growth in the last twelve months were professional and business services (3.83%); education and health services (2.94%); construction (2.55%); and financial activities (2.29%).
- The unemployment rate in South Dakota was the lowest in the U.S. in September at 3.2%. This was 3.3% below the national rate and 0.3% higher than the unemployment rate at this time last year.

- During the twelve-month period from November of 2007 through October 2008, the number of titles issued for new noncommercial vehicles was 35,318, which was an increase of 920 vehicles titled over the prior twelve-month period.
- The total number of residential units authorized by building permits issued January through September of 2008 was 3,514, which was down 654 units from the same months in 2007. The value of residential building permits issued year-to-date in 2008 was \$488.1 million. This is a decrease of \$53.4 million from the first 9 months of 2007.

COUNCIL OF ECONOMIC ADVISORS

The Council of Economic Advisors, which has been in existence since 1991, consists of economics professors and business people from South Dakota. The purpose of the Council is to assist in the development of the best possible forecast of South Dakota's economy. This section summarizes the Council's view of South Dakota's economy.

TOURISM: Visitor spending in the state totaled \$941.1 million in 2007. This was \$76.2 million more than visitor spending in 2006, and the highest level of spending ever achieved in South Dakota. The Glacial Lakes and Prairies region experienced the largest percentage increase in visitor spending in 2007 over 2006 at 12.5%. Spending in the Southeast Region, Great Lakes Region, and Black Hills, Badlands and Lakes Region increased 6.7%, 12.3%, and 8.5%, respectively.

Over the summer of 2008, statewide rural traffic counts have been soft, registering a 3.7% decline over the summer of 2007, although state park attendance saw an increase of 2.4%. It appears that high gas prices have kept vacations closer to home during the peak 2008 tourism season. Although traffic counts have been lower, spending has still increased. Tourism tax revenue still registered a 7.9% increase over the peak season (March through August) in 2008 compared to 2007. Another highlight in 2008 is a 13.4% increase in international visitors from May through October of 2008 based on information center car counts. Although gas prices have dropped dramatically which should encourage more travel, the U.S. recession that is underway is expected to soften the tourism industry in the short term and the outlook is uncertain.

AGRICULTURE: In 2007, the agricultural economy in South Dakota produced cash receipts of \$5.73 billion, which was an increase of \$1.0 billion from 2006 (excluding government payments). Crops generated \$3.03 billion and livestock generated \$2.70 billion in 2007.

Last year was a good year overall for crop production due to favorable growing conditions across much of South Dakota. In 2007, corn for grain production totaled 544.5 million bushels with an average yield of 121 bushels, an increase of 24 bushels from the 2006 yield. Soybean production was 133.6 million bushels, a 2.1% increase over 2006. Wheat yields were up nearly 12 bushels over 2006, with total wheat production of 147.5 million bushels, a 75% increase in production over 2006. Cattle production in 2007 was down slightly due to drought conditions that forced some producers to reduce the size of their breeding herd. The 2007 calf crop totaled 1.68 million head, down from 1.72 million head in 2006. The pig crop in 2007 was 2.96 million head, which was up 2.0% from 2006.

Production levels look to be strong for South Dakota producers in 2008 as most areas received timely moisture to help increase crop yields over 2007 levels. According to the National Agricultural Statistics Service, corn for grain production is projected to be 554.7 million bushels, which is up 2.0% from last year's production and is a potential record high production for South Dakota. Corn yield is forecasted at 129 bushels per acre, which is up 8 bushels from last year's production. Soybean production is expected to be down 2.0% from 2007, at 133.3 million bushels due to lower yield. Soybean yield is projected to be 33 bushels per acre, down from last year's record 42 bushels per acre. On the livestock side, September commercial red meat production in South Dakota was down 1.0% from last September, at 85.0 million pounds. As of October 1st, South Dakota's 1,000+ capacity feedlots reported 175,000 cattle on feed for the slaughter market, which is down 5,000 from a year earlier but up 10,000 from a month earlier.

The Council's outlook for the agricultural economy is cautiously optimistic. After recovering from the drought conditions in 2006, producers have had strong production levels in 2007 and 2008. Although prices are much higher than historical standards, they have declined dramatically over the past several months from their peak. This, coupled with higher input costs, will exert some pressure on the agriculture economy in 2009.

WAGE RATES: The unemployment rate in South Dakota in September was 3.2%. This was 3.3% below the U.S. unemployment rate, and was the lowest rate in the nation. A low unemployment rate is a sign of a tight labor market, which puts pressure on businesses to increase wage rates to keep and gain employees. Although wage increases are not anticipated to be high as in recent years due to a U.S. economy that is in recession, moderate increases are still expected due to a low unemployment rate in the state. This coupled with deflationary pressures in consumer markets will help

increase consumers purchasing power over the next year.

CONSTRUCTION: Construction activity in South Dakota has softened over the past several months, but remains in a better situation than many areas of the country. Over the past 12 months (October 2007 through September 2008), South Dakota's construction employment is averaging a 2.6% increase over the prior 12 months. In comparison, the U.S. construction employment has averaged a decline of 4.4% over the same time period. Much of the strength in the construction sector over the past year is attributable to commercial construction and continued expansion of existing businesses in South Dakota. The strength in the commercial sector has been offset by weakness in the residential sector. The total number of housing units authorized in South Dakota was 5,112 in 2007, which was down from the total number of 5,304 housing units authorized in 2006, according to the Census Bureau's estimates. The value of permits issued for housing units was down \$21.0 million in 2007 compared to 2006. Year to date from January to September of 2008, the total number of building permits issued for family units in South Dakota was 3,514, which was 654 fewer than the total number of permits issued during the same time period in 2007. The value of permits issued for family buildings during the first nine months of 2008 compared to 2007 was down \$53.6 million.

Although the residential construction market has been impacted by tighter credit availability and softer demand, South Dakota has not been directly impacted by the sub prime housing crisis. South Dakota continues to have one of the lowest foreclosure rates in the nation. The Council's view is that construction activity should continue to hold up better in South Dakota in comparison to the rest of the nation, although the impacts of the credit crisis over the past several weeks have created uncertainty due to credit availability.

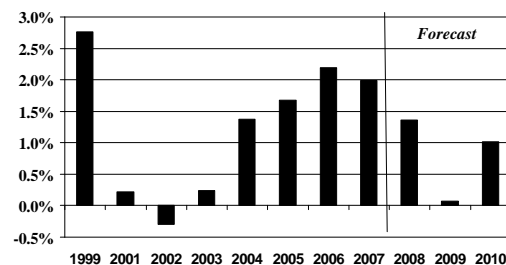
SOUTH DAKOTA FORECAST HIGHLIGHTS

Global Insight's forecast of the national economy and the input of the Council of Economic Advisors were incorporated into the forecast of South Dakota's economy. This section summarizes various categories of the latest forecast for the South Dakota economy.

EMPLOYMENT: South Dakota has several advantages over other states that account for its ability to post strong gains in employment. Some of these advantages include a pro-business environment, a central geographic location, a low cost of doing business, and a high quality of life.

Between 1990 and 1995, nonfarm employment in South Dakota grew at an average annual rate of 3.4%, which was significantly higher than the national average annual growth rate of 1.4% during this time period. The majority of additional jobs in South Dakota during this period occurred in the manufacturing, construction, and service sectors. In 1996 and 1997, growth in nonfarm employment slowed to 1.5% and 1.7%, respectively. In 1998, nonfarm employment growth rebounded back to 2.0%, and in 1999 nonfarm employment rose 2.8%. The construction and service sectors experienced strong gains during these years. In 2000, growth slowed again to 2.1%, and then further slowed in 2001 to 0.2% due to the recession. Nonfarm employment fell 0.3% in 2002, rose 0.2% in 2003, 1.4% in 2004, 1.7% in 2005, 2.2% in 2006, and 2.0% in 2007. For 2008, 2009, and 2010, nonfarm employment growth is projected to be soft, growing 1.4%, 0.1%, and 1.0%, respectively. At this point, South Dakota has not felt the full impact of the national recession as our year-over-year job growth has held up well (+1.6% in September 2008), while the nation is experiencing negative year-over-year job growth. The forecast for 2009 is for flat employment growth in South Dakota. The health services and education services sectors are expected to continue to see an increase in jobs. The increases in health and education services are expected to be offset by losses in construction, leisure and hospitality, retail trade, wholesale trade, professional and business service, and manufacturing sectors due to the impacts from the current national recession. In 2010, as we begin to recover from the current economic slowdown, small increases in employment growth are expected to return in retail trade, wholesale trade, leisure and hospitality, professional and business service, and financial activity sectors. Overall employment growth is still anticipated to be below average throughout 2010.

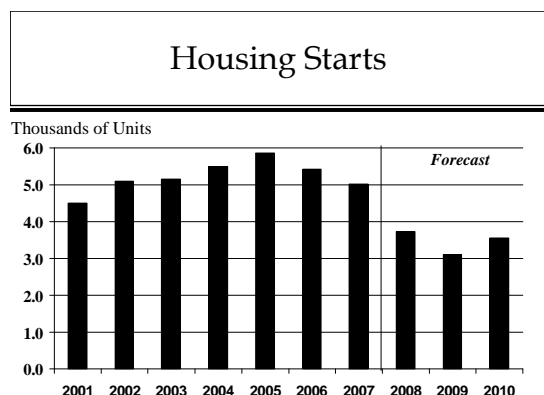
Growth in Nonfarm Employment



HOUSING: Favorable interest rates and changing demographics in the state contributed to a strong housing sector from 1998 through 2005 as the number of housing starts in South Dakota increased each year. Housing starts softened in 2006 and

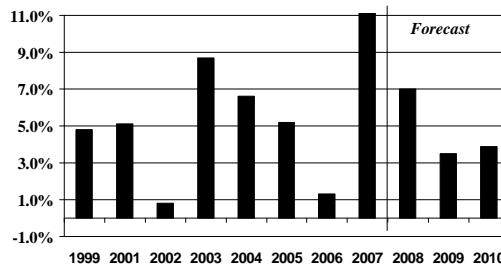
2007 and have weakened further in 2008 as evidence from residential housing permits.

The housing market is expected to show some weakness in 2009 and recover into 2010 as demand becomes more balanced with supply. Although mortgage rates are expected to remain attractive, credit availability, slower job growth, and a U.S. economy that is in recession will pressure the housing market in 2009. As job growth begins to rise again in 2010, housing starts are expected to show marginal gains. Housing starts were 5,010 in 2007 and are projected to be 3,730 in 2008, 3,100 in 2009, and 3,550 in 2010.



INCOME: Between 1990 and 2000, the average annual growth rate in total personal income in South Dakota was the same as the U.S. average over the same time period (5.6%). However, due to the recession and decline in nonfarm employment, income growth slowed both in South Dakota and in the U.S. Total personal income in South Dakota grew 5.1% in 2001 and 0.8% in 2002. The 0.8% growth in personal income in 2002 was not only due to the fall in nonfarm employment, but also from the negative impact the drought had on farm income. In 2003, total personal income rebounded significantly, growing 8.7% due to rising nonfarm employment, disaster payments to farmers, and higher crop and livestock prices. Total personal income grew 6.6% in 2004 and 5.2% in 2005. In 2006, personal income grew only 1.3%, mainly due to a decrease in farm income from the 2006 drought. In 2007, due to increase in employment and a booming agriculture sector, personal income grew 11.7%. Personal income growth is forecasted to be strong at 7.0% in 2008, due to moderate job creation and a continued strong farm sector. In 2009 and 2010, the forecast is for below average growth of 3.5% and 3.9%, respectively. The smaller gains expected in 2009 and 2010 reflects slower job creation as a result of a U.S. recession and its anticipated impacts on South Dakota.

Growth in Total Personal Income



Nonfarm personal income growth averaged 5.7% from 1999 through 2007. Growth rates for 2008, 2009, and 2010 are projected to be 6.6%, 3.7%, and 4.2%, respectively.

RISKS TO THE FORECAST

The Council of Economic Advisors sees some key risks to the forecast. The biggest risk is the magnitude of the U.S. recession and how much it effects economic growth in South Dakota. If the national recession impacts the South Dakota economy greater than what is currently anticipated, growth will suffer. Another key risk to our state's economy is construction activity and the housing market. If construction activity were to slow drastically in response to the national credit crisis, it could have an adverse effect on economic growth in the state. Also, like the national economy, a key driver of the South Dakota economy has been the consumer. If consumers retrench and spending goes down, economic growth in South Dakota will decline. Furthermore, the agriculture economy has been strong over the past two years. If farming and ranching conditions or market conditions were to deteriorate, economic growth would suffer.

If any of the above perceived risks were to occur, nonfarm employment would likely see moderate declines in the short term. And, if nonfarm employment were to decline, it would likely have a negative impact on income growth and consumer spending in the economy.

REVENUE ESTIMATES

SUMMARY

General fund receipts for FY2009 are forecasted at \$1,201.9 million, excluding projected reserve transfers. Ongoing revenues comprise \$1,188.9 million of the total, and one-time revenues (excluding reserves) compose \$13.0 million of the total. The ongoing estimate for FY2009 is an increase of \$44.9 million from actual FY2008 ongoing receipts. The majority of the forecasted increase is from the sales and use tax (+\$41.1M). Other projected significant sources of growth between FY2008 and FY2009 are the contractor's excise tax (+\$6.2M) and the insurance company tax (+\$5.3M). The revenue sources that are expected to see the most significant decrease in collections between FY2008 and FY2009 are the bank franchise tax (-\$7.8M) and charges for goods and services (-\$1.8M).

The revised ongoing estimate for FY2009 is \$6.5 million less than the estimate adopted during the 2008 legislative session. Major adjustments upward for the revised estimate are for the sales tax (+\$9.8M) and the insurance company tax (+\$1.7M). The most significant downward revisions are from the contractor's excise tax (-\$7.5M), bank franchise tax (-\$6.7M) and charges for goods and services (-\$4.1M).

General fund receipts for FY2010 are projected to be \$1,203.7 million, excluding projected reserve transfers. Ongoing revenues are forecasted to be \$1,201.4 million, and one-time receipts (excluding reserves) are expected to be \$2.3 million. The forecast for ongoing receipts in FY2010 is an increase of \$12.5 million from the revised FY2009 projection of ongoing receipts. The most significant source of growth between the revised FY2009 estimate and the FY2010 forecast is expected to be from the sales and use tax (+\$23.9M). Other projected significant sources of ongoing revenue growth are from the contractor's excise tax (+\$5.8M), insurance company tax (+\$4.2M), and the property tax reduction fund (+\$1.9M). The sources that are expected to see the most significant decrease in collections between FY2009 and FY2010 are the transfer from the trust funds (-\$20.9M), bank franchise tax (-\$2.6M), and investment income and interest (-\$1.7M).

CURRENT REVENUE FORECAST (Dollars in Millions)

	<u>FY2009</u>	<u>FY2010</u>
Sales and Use Tax	685.7	709.6
Contractor's Excise Tax	85.1	90.9
Bank Franchise Tax	37.7	35.1
Insurance Company Tax	65.7	69.9
Property Tax Reduction Fund	128.0	129.9
Other Ongoing Revenues	186.7	166.0
One-Time Receipts	12.8	2.3
Property Tax Reserves	26.8	32.4
Obligated Cash Carried Forward	<u>0.2</u>	<u>0.0</u>
Total Revenue	<u>1,228.7</u>	<u>1,236.1</u>

SALES AND USE TAX

The sales and use tax is the single-largest revenue source for the state's general fund and accounts for approximately 58% of ongoing general fund revenues. Between FY1980 and FY2008, the sales and use tax grew from \$140.6 million to \$644.6 million, which was an average annual increase of 5.6%. In FY2002 and FY2003, the growth of sales and use tax collections was soft (1.2% and 3.9%, respectively) due to a national recession and drought conditions that impacted the agriculture sector. From FY2004 through FY2006, growth in the sales and use tax was strong (6.8%, 5.1%, and 8.0%) due to the strengthening economy. In FY2007, growth was below average (4.6%) due to drought conditions over much of the state. Last year, growth in the sales and use tax was above average (6.9%) due to increased employment and a strong farm economy.

Net collections from the sales and use tax in FY2008 were \$644.6 million, which was an increase of \$41.4 million, or 6.9%, over FY2007. Through the first four months of FY2009, sales and use tax collections were \$240.8 million, which is an increase of 5.5% from the first four months of FY2008. However, adjusting for changes in how the large construction project refunds were accounted for in the first four months of 2008, the year-to-date growth in FY2009 is 6.9%. For the revised FY2009 estimate, the sales and use tax is forecasted at \$685.7 million, which is an increase of \$41.1 million, or 6.4%, over FY2008. For FY2010, the sales and use tax is forecasted at \$709.6 million, which is an increase of \$23.9 million, or 3.5%, over the revised FY2009 estimate.

CONTRACTOR'S EXCISE TAX

Collections from the contractor's excise tax account for approximately 7.2% of ongoing general fund revenues. Growth in construction activity has had a direct impact on the growth in the contractor's excise tax collections. This expansion in activity contributed

to the increase in contractor's excise tax collections from \$16.2 million in FY1988 to \$78.9 million in FY2008. Last year, net collections to the general fund from the contractor's excise tax grew \$0.2 million, or 0.2%, from FY2007 after accounting for large construction project refunds. The low net growth in FY2008 is attributed to \$11.4 million of contractor's excise tax revenue that was withheld from collections which will be refunded to qualifying large construction projects. Through the first four months of FY2009, contractor's excise tax collections were \$32.4 million, a decline of 9.42% compared to the first four months of FY2008. However, adjusting for changes in how the large construction project refunds are accounted for in the first four months of FY2008, the year-to-date growth in FY2009 is +3.6%. Contractor's excise tax collections for FY2009 are forecasted at \$85.1 million, which is an increase of \$6.2 million, or 7.8%, over FY2008 collections. FY2010 collections are forecasted at \$90.9 million, which is an increase of \$5.8 million, or 6.8% over the revised FY2009 estimate.

BANK FRANCHISE TAX

Collections from the bank franchise tax account for approximately 3.0% of ongoing general fund revenues. The bank franchise tax is one of the general fund revenue sources that is impacted more by the national economy than by the South Dakota economy. This is due to the fact that approximately 80% of the bank franchise tax collections deposited in the general fund are generated by bank card institutions. During the late 1980's, collections grew as the national economy experienced strong growth and the usage of credit cards increased. As the national economy slowed in the early 1990's, bank franchise tax collections decreased. In the mid 1990's, as the economy gained momentum and credit card usage and consumer debt increased, bank franchise tax collections increased. Collections decreased in the early part of this decade due to the national recession, but reversed the trend, showing solid growth from FY2003 through FY2007. In FY2008, collections showed a decrease due to a large audit finding that made collections higher in FY2007.

Collections from the bank franchise tax were \$45.4 million in FY2008, which was a decrease of \$5.0 million, or 10.0%, from FY2007. Collections declined in FY2008 due to a large one-time audit collection received the previous fiscal year. In addition, there has been restructuring of assets within the industry, causing tax collections to decrease. Through the first four months of FY2009, collections were \$16.9

million, which was a decrease of 14.3% over the same period last year. FY2009 collections are projected to be \$37.7 million, which is a decrease of \$7.8 million, or 17.1%, over FY2008 collections. Collections are expected to be \$35.1 million in FY2010, which is \$2.6 million, or 6.8%, less than the revised FY2009 estimate.

INSURANCE COMPANY TAX

Collections from the insurance company tax account for approximately 5.5% of ongoing general fund revenues. Between FY1985 and FY2008, insurance company tax collections grew from \$17.2 million to \$60.4 million, which was an average annual increase of 5.6%. In FY2008, insurance company tax collections were \$60.4 million, which was an increase of \$3.1 million, or 5.4%, over FY2007 collections. During the first four months of FY2009, insurance company tax collections were \$27.2 million, which is an increase of 12.4% over the same period in FY2008. For FY2009, insurance company tax collections are forecasted at \$65.7 million, which is an increase of \$5.3 million, or 8.8%, over FY2008 collections. For FY2010, insurance company tax collections are forecasted to be \$69.9 million, which is an increase of \$4.2 million, or 6.4%, over the revised FY2009 estimate.

PROPERTY TAX REDUCTION FUND

The Property Tax Reduction Fund (PTRF) has traditionally been the source from which the state has funded property tax relief. Transfers to the general fund from the PTRF account for approximately 10.8% of ongoing general fund revenues. In 1996, the legislature directed that receipts from video lottery be transferred into the PTRF and checks were written from the fund to the counties to fund the first Property Tax Credit Program. When the new state aid formula went into effect in January 1997, property tax relief was then paid out of the general fund through state aid to education. The legislature then directed that dollars in the PTRF be transferred to the state general fund for property tax relief. A bill was also passed that any general fund surplus at the end of a fiscal year be transferred back to the PTRF, after the transfer to the Budget Reserve Fund had been made. HB 1104, passed by the 2003 legislature, imposed a tax of 4% on the gross receipts of telecommunication services. Sixty percent of the revenue collected from this tax is deposited in the PTRF. In 2006, the voters of South Dakota adopted Initiated Measure 2, which increased the tax on a 20 pack of cigarettes by \$1.00 per pack and the tax on a 25 pack of cigarettes by \$1.25 per pack. Initiated Measure 2 also increased

the wholesale tax on other tobacco products from 10% to 35% beginning January 1, 2007. The Property Tax Reduction Fund receives a 33% share of the revenues in excess of \$35 million each fiscal year from this revenue source. This revenue is annually transferred to the general fund as an ongoing revenue source.

Transfers from the PTRF to the general fund from ongoing revenue sources were \$126.6 million in FY2008. In FY2009 and FY2010, it is estimated that there will be \$128.0 million and \$129.9 million, respectively, in ongoing receipts from the PTRF transferred to the general fund. Included in the FY2009 and FY2010 PTRF estimates are \$7.0 million and \$7.7 million from the telecommunications tax as well as \$8.8 million and \$8.9 million from the 33% share of the excess tobacco tax. Video lottery receipts to the PTRF in FY2009 and FY2010 are projected to be \$112.2 million and \$113.3 million, respectively.

OTHER ONGOING REVENUES

Receipts included in this category come from the alcohol beverage tax; the alcohol beverage 2% wholesale tax; the cigarette tax; the inheritance and estate tax; licenses, permits, and fees; investment income and interest; charges for goods and services; net transfers in (includes the health care tobacco tax fund transfer); transfers from the Dakota Cement, Education Enhancement, and Health Care Trust Funds; severance taxes; lottery; the sale-leaseback; and, the Conservation Reserve Program. For FY2009, collections from other ongoing revenues are projected to be \$186.7 million, approximately 15.7% of total ongoing general fund revenues.

In FY2010, collections from other ongoing revenues will change as compared to FY2009. In FY2010, it is estimated that there will not be a transfer available from either the Education Enhancement Trust Fund or the Health Care Trust Fund as both funds are currently below their principle value. Also included in the recommended budget are proposed increases in various licenses and fees within the Department of Revenue and Regulation, the Department of Corrections, the Department of Health and the Secretary of State totaling \$3.3 million. For FY2010, collections from other ongoing revenue are projected at \$166.0 million, approximately 13.8% of total ongoing general fund revenues.

ONE-TIME RECEIPTS

In FY2009, collections from one-time receipts are projected to be \$12.8 million which includes a \$6.3 million transfer from the Custer State Park Improvement Fund, a \$2.5 million transfer from the Tobacco Prevention and Reduction Trust Fund, a \$1.5 million transfer from the Private Activity Bond Fee Fund, a \$1.0 million transfer from the Prison Industries Revolving Fund, a \$1.0 million transfer from the Telecommunications Relay Service Fund, and a \$0.5 million receipt from refinancing gains. In FY2010, collections from one-time receipts are projected to be \$2.3 million, which is a transfer from the Custer State Park Improvement Fund.

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. For FY2009, it is anticipated that \$26.8 million will need to be transferred from Property Tax Reserves to balance the budget. In FY2010, it is projected that \$32.4 million will need to be transferred from the Property Tax Reserves 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. Included in the FY2009 estimate is \$0.2 million that was carried forward from FY2008 and transferred to the Budget Reserve Fund.

BUDGET RESERVE

House Bill 1287, passed by the 1991 South Dakota Legislature, created the Budget Reserve Fund. The purpose of its creation was to place resources into a reserve that would only be used to address emergency situations without having to raise taxes or cut spending. In FY1992, \$20.0 million was transferred from the general fund to 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 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 a fiscal year. House Bill

1195, passed by the 2002 South Dakota Legislature, changed the maximum level of funds in the reserve to 10% of the general fund appropriations from the General Appropriations Act for the prior fiscal year. The use of funds within the reserve requires an act passed by the South Dakota Legislature. The ending cash balance for FY2010 does not assume that surplus funds will be available. If there is a surplus in FY2009, the ending balance in the Budget Reserve Fund will be adjusted accordingly.

BUDGET RESERVE FUND CONDITION STATEMENT

	ACTUAL FY2007	ACTUAL FY2008	ESTIMATED FY2009	ESTIMATED FY2010
Beginning Balance	\$ 42,682,740	\$ 43,000,275	\$ 43,247,488	\$ 43,398,446
Calculations for Maximum Balance in the Fund:				
General Bill Appropriation for Prior Year	\$ 1,009,980,027	\$ 1,059,223,960	\$ 1,146,522,479	\$ 1,210,397,444
Budget Reserve Fund Percentage	10%	10%	10%	10%
Maximum Amount in the Fund	<u>\$ 100,998,003</u>	<u>\$ 105,922,396</u>	<u>\$ 114,652,248</u>	<u>\$ 121,039,744</u>
Maximum Transferable Amount	<u>\$ 58,315,263</u>	<u>\$ 62,922,121</u>	<u>\$ 71,404,760</u>	<u>\$ 77,641,298</u>
Amount of General Funds Available				
End of Prior Year	\$ 317,535	\$ 247,214	\$ 150,957	\$ 0
Transferred in from General Fund	<u>\$ 317,535</u>	<u>\$ 247,214</u>	<u>\$ 150,957</u>	<u>\$ 0</u>
Ending Balance	<u>\$ 43,000,275</u>	<u>\$ 43,247,488</u>	<u>\$ 43,398,446</u>	<u>\$ 43,398,446</u>

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN LEGISLATIVE ADOPTED AND REVISED ESTIMATE FOR FY2009

	LEGISLATIVE ADOPTED FY2009	REVISED FY2009	DOLLAR CHANGE	PERCENT CHANGE
CONTINUING RECEIPTS				
Sales and Use Tax	\$ 675,850,846	\$ 685,694,739	\$ 9,843,893	1.46
Contractor's Excise Tax	92,625,633	85,147,342	(7,478,291)	(8.07)
Alcohol Beverage Tax	9,522,377	9,623,452	101,075	1.06
Alcohol Beverage 2% Wholesale Tax	1,310,614	1,309,409	(1,205)	(0.09)
Cigarette Tax	30,000,000	30,000,000	0	0.00
Bank Franchise Tax	44,324,710	37,660,593	(6,664,117)	(15.03)
Insurance Company Tax	63,999,349	65,710,988	1,711,639	2.67
Licenses, Permits, and Fees	42,401,211	41,276,046	(1,125,165)	(2.65)
Investment Income and Interest	14,620,546	15,440,276	819,730	5.61
Charges for Goods and Services	19,183,155	15,072,713	(4,110,442)	(21.43)
Net Transfers In	20,978,802	20,256,282	(722,520)	(3.44)
Trust Funds	32,948,847	32,872,694	(76,153)	(0.23)
Severance Taxes	4,559,250	4,686,488	127,238	2.79
Unexpended Carryovers	0	0	0	0.00
Lottery	6,130,103	6,788,076	657,973	10.73
Property Tax Reduction Fund	127,589,417	128,023,962	434,545	0.34
Sale-Leaseback	9,141,450	9,141,450	0	0.00
CRP Program	273,526	273,526	0	0.00
SUBTOTAL (CONTINUING RECEIPTS)	\$ 1,195,459,836	\$ 1,188,978,036	\$ (6,481,800)	(0.54)
ONE-TIME RECEIPTS				
Transfer from Telecommunication Funds	\$ 1,000,000	\$ 1,000,000	\$ 0	0.00
Transfer from Custer State Park Impr. Fund	6,273,170	6,325,898	52,728	0.84
Transfer from Private Activity Bond Fee Fund	1,500,000	1,500,000	0	0.00
Transfer from Prison Industries Revolving Fund	1,000,000	1,000,000	0	0.00
Transfer from Tobacco Prev. & Red. Trust Fund	2,500,000	2,500,000	0	0.00
Refinancing Gains	489,772	489,772	0	0.00
Transfer from Property Tax Reserves	11,867,277	26,828,755	14,961,478	126.07
Obligated Cash Carried Forward	0	150,957	150,957	
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 24,630,219	\$ 39,795,382	\$ 15,165,163	61.57
GRAND TOTAL	\$ 1,220,090,055	\$ 1,228,773,418	\$ 8,683,363	0.71

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN FY2008 AND FY2009 REVENUE COLLECTIONS

	ACTUAL FY2008	REVISED FY2009	DOLLAR CHANGE	PERCENT CHANGE
CONTINUING RECEIPTS				
Sales and Use Tax	\$ 644,596,998	\$ 685,694,739	\$ 41,097,741	6.38
Contractor's Excise Tax	78,978,429	85,147,342	6,168,913	7.81
Alcohol Beverage Tax	9,288,562	9,623,452	334,890	3.61
Alcohol Beverage 2% Wholesale Tax	1,212,155	1,309,409	97,254	8.02
Cigarette Tax	30,000,000	30,000,000	0	0.00
Bank Franchise Tax	45,433,113	37,660,593	(7,772,520)	(17.11)
Insurance Company Tax	60,393,960	65,710,988	5,317,028	8.80
Licenses, Permits, and Fees	40,791,607	41,276,046	484,439	1.19
Investment Income and Interest	16,299,255	15,440,276	(858,979)	(5.27)
Charges for Goods and Services	16,831,663	15,072,713	(1,758,950)	(10.45)
Net Transfers In	20,119,164	20,256,282	137,118	0.68
Trust Funds	31,607,343	32,872,694	1,265,351	4.00
Severance Taxes	4,074,627	4,686,488	611,861	15.02
Unexpended Carryovers	352,827	0	(352,827)	(100.00)
Lottery	6,533,644	6,788,076	254,432	3.89
Property Tax Reduction Fund	126,605,981	128,023,962	1,417,981	1.12
Sale-Leaseback	9,827,175	9,141,450	(685,725)	(6.98)
CRP Program	1,154,547	273,526	(881,021)	(76.31)
SUBTOTAL (CONTINUING RECEIPTS)	\$ 1,144,101,050	\$ 1,188,978,036	\$ 44,876,986	3.92
ONE-TIME RECEIPTS				
Transfer from Telecommunications Relay Service	\$ 1,000,000	\$ 1,000,000	\$ 0	0.00
Transfer from Custer State Park Improvement Fund	0	6,325,898	6,325,898	100.00
Transfer from Private Activity Bond Fee Fund	0	1,500,000	1,500,000	100.00
Transfer from Prison Industries Revolving Fund	0	1,000,000	1,000,000	100.00
Transfer from Tobacco Prev. & Red. Trust Fund	0	2,500,000	2,500,000	100.00
Transfer from Budgetary Accounting Fund	4,008,132	0	(4,008,132)	(100.00)
Transfer from Petroleum Release Fund	1,000,000	0	(1,000,000)	(100.00)
Refinancing Gains	0	489,772	489,772	100.00
Transfer from Video Lottery Fund	500,000	0	(500,000)	(100.00)
Transfer from Property Tax Reserves	25,650,000	26,828,755	1,178,755	4.60
Obligated Cash Carried Forward	247,214	150,957	(96,257)	(38.94)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 32,405,346	\$ 39,795,382	\$ 7,390,036	22.80
GRAND TOTAL	\$ 1,176,506,396	\$ 1,228,773,418	\$ 52,267,022	4.44

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN FY2009 AND FY2010 REVENUE COLLECTIONS

	REVISED FY2009	PROJECTED FY2010	DOLLAR CHANGE	PERCENT CHANGE
CONTINUING RECEIPTS				
Sales and Use Tax	\$ 685,694,739	\$ 709,565,630	\$ 23,870,891	3.48
Contractor's Excise Tax	85,147,342	90,942,817	5,795,475	6.81
Alcohol Beverage Tax	9,623,452	9,975,003	351,551	3.65
Alcohol Beverage 2% Wholesale Tax	1,309,409	1,380,726	71,317	5.45
Cigarette Tax	30,000,000	30,000,000	0	0.00
Bank Franchise Tax	37,660,593	35,106,458	(2,554,135)	(6.78)
Insurance Company Tax	65,710,988	69,920,420	4,209,432	6.41
Licenses, Permits, and Fees	41,276,046	41,467,033	190,987	0.46
Investment Income and Interest	15,440,276	13,758,975	(1,681,301)	(10.89)
Charges for Goods and Services	15,072,713	15,385,181	312,468	2.07
Net Transfers In	20,256,282	21,685,340	1,429,058	7.05
Trust Funds	32,872,694	12,000,000	(20,872,694)	(63.50)
Severance Taxes	4,686,488	4,844,231	157,743	3.37
Unexpended Carryovers	0	0	0	0.00
Lottery	6,788,076	7,055,230	267,154	3.94
Property Tax Reduction Fund	128,023,962	129,910,512	1,886,550	1.47
Sale-Leaseback	9,141,450	8,457,825	(683,625)	(7.48)
CRP Program	273,526	35,609	(237,917)	(86.98)
SUBTOTAL (CONTINUING RECEIPTS)	\$ 1,188,978,036	\$ 1,201,490,990	\$ 12,512,954	1.05
ONE-TIME RECEIPTS				
Transfer from Telecommunications Relay Service	\$ 1,000,000	\$ 0	\$ (1,000,000)	(100.00)
Transfer from Custer State Park Improvement Fund	6,325,898	2,282,002	(4,043,896)	(63.93)
Transfer from Private Activity Bond Fee Fund	1,500,000	0	(1,500,000)	(100.00)
Transfer from Prison Industries Revolving Fund	1,000,000	0	(1,000,000)	(100.00)
Transfer from Tobacco Prev. and Red. Trust Fund	2,500,000	0	(2,500,000)	(100.00)
Refinancing Gains	489,772	0	(489,772)	(100.00)
Transfer from Property Tax Reserves	26,828,755	32,375,962	5,547,207	20.68
Obligated Cash Carried Forward	150,957	0	(150,957)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 39,795,382	\$ 34,657,964	\$ (5,137,418)	(12.91)
GRAND TOTAL	\$ 1,228,773,418	\$ 1,236,148,954	\$ 7,375,536	0.60

NOTE: The totals may not add due to rounding.

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.

RECOMMENDED EXPENDITURES

OVERVIEW

Governor Rounds' FY2010 budget reflects a continuing commitment to three key segments: providing a quality education for our children; helping those who cannot take care of themselves including the very young and the very old; and protecting society from those who would do us harm.

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. 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, the Governor is recommending an additional \$337,761 in general funds and \$171,339 in federal fund expenditure authority for the Birth to Three program. The Governor is also recommending that \$1,522,942 in available Cement Plant Trust Fund earnings be used to continue to fund the South Dakota Opportunity Scholarship.

The ongoing budget for the Board of Regents contains an increase of \$22.9 million in total funds and 67.0 FTE over the FY2009 budget. The increase consists of \$3.5 million in general funds, \$6.3 million in federal fund expenditure authority, and \$13.0 million in other fund expenditure authority. Included in the general fund increases are \$1,152,717 due to the rising cost of utilities and \$213,141 and 3.0 FTE for additional accounting staff.

The Departments of Social Services, Human Services, and Health are responsible for the majority of the programs that help those who cannot take care of themselves, including the very young and the very old. This portion of the budget comprises \$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 of ongoing increases. Social Services will see an ongoing increase of \$10.1 million in general funds, \$25.5 million in federal fund expenditure authority, and 22.1 million in other fund expenditure authority. Four major components driving this budget are: 1) consumer expansion, which amounts to \$5.1 million in general funds and \$7.4 million in federal fund expenditure authority and includes increased utilization of services and

additional clients; 2) inflation, which amounts to \$7.7 million in general funds and \$12.5 million in federal fund expenditure authority; 3) the loss of federal funding previously received which is \$1.5 million in general funds; and 4) the FMAP rate change, which will decrease the general fund budget by \$4.0 million.

The Human Services ongoing budget is increasing by \$3.9 million in general funds, \$5.4 million in federal fund expenditure authority, and is decreasing by \$3.0 million in other fund expenditure authority. An additional 6.0 FTE are also recommended. Increases of \$0.9 million in general funds and 6.0 FTE are for the Intensive Methamphetamine Treatment program. A decrease of \$1.1 million in general funds and a corresponding increase in federal fund expenditure authority is needed to reflect the change in the FMAP rate.

The ongoing budget for the Department of Health includes increases of almost \$0.6 million in general funds, along with \$0.2 million in federal fund expenditure authority, \$1.1 million in other fund expenditure authority, and 2.0 FTE. An increase of \$0.4 million in general funds is for childhood vaccines and the mosquito control program because of a loss in federal funding. Also included in this budget is 1.0 FTE and \$54 thousand in other fund expenditure authority for the Intensive Methamphetamine Treatment program.

To address the safety of our State's citizens, a progressive criminal justice system is in place. The ongoing budget for Corrections will increase by \$4.8 million in general funds and decrease by 4.0 FTE. Included in this increase is funding for the Women's Prison Methamphetamine Treatment Program along with increases for utilities and inflation for juvenile group residential placement services.

The Department of Public Safety and the Office of the Attorney General are also engaged in the safety of the public. The Department of Public Safety's ongoing budget includes decreases of nearly \$0.3 million in general funds and \$2.5 million in federal fund expenditure authority along with increases of \$2.6 million in other fund expenditure authority and 3.0 FTE. The Office of the Attorney General's ongoing general fund budget is increasing by \$0.5 million and 1.0 FTE. Of this general fund increase, over \$0.3 million is due to lost federal funding.

The safety of South Dakota's citizens is also addressed within the ongoing budget for the Unified Judicial System. This budget is increasing by \$2.8

million which includes increases of \$1.5 million in general funds, \$2 thousand in federal fund expenditure authority, \$1.3 million in other fund expenditure authority, and 9.0 FTE. This budget recommendation includes two judges, two court reporters, one law clerk, one court services officer, the continuation of a 4th Circuit Drug Court, and inflationary increases in Community Based Services.

The Governor is recommending the continuation of the PACE program started by former Governor George S. Mickelson. This will include a 2.5% adjustment to job worth and a 1.5% salary policy for state employees.

<u>Description</u>	<u>Inc/ (Dec)</u>	<u>FTE</u>
Executive Branch	\$ 69,447,074	7.7
Board of Regents	22,894,801	67.0
State Aid	(143,195)	
UJS/Legislature/Elected	3,936,351	8.0
Technical Institutes	280,285	
Special/Contin. Approp.	8,262,141	
	<u>\$104,677,457</u>	<u>82.7</u>

The Executive Branch, which is under direct control of the Governor, has the following funding changes for FY2010:

General Funds	\$19,123,027
Federal Funds	\$39,231,985
Other Funds	\$11,092,062
FTE	7.7

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.

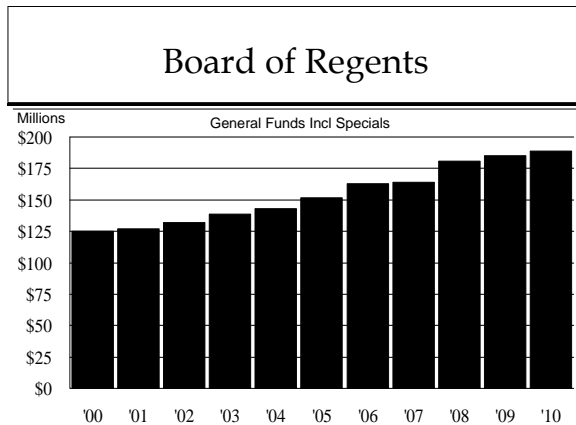
The FY2010 recommended budget for stipends to the National Board of Certified Teachers and to reimburse the fees associated with taking the exam is \$93,000 in general funds.

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

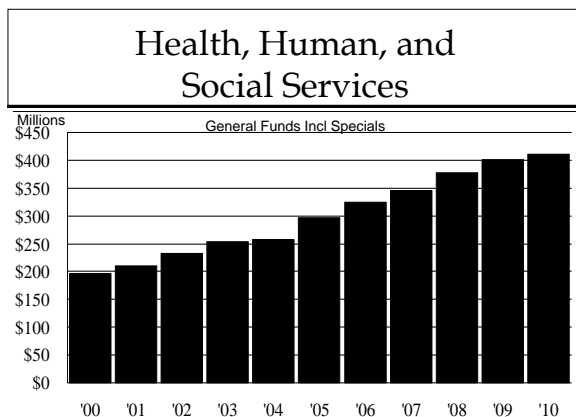
The FY2010 recommended budget for this program is \$500,000 in general funds and \$1,700,000 in other fund expenditure authority for a total of \$2,200,000. There are no recommended changes to this division.

STATE LIBRARY

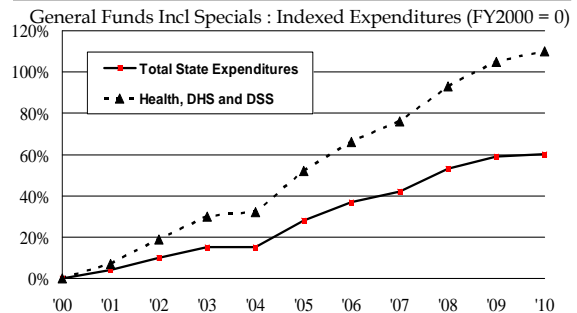
The FY2010 recommended budget for the State Library consists of \$2,366,854 in general funds, \$1,199,765 in federal fund expenditure authority, \$186,083 in other fund expenditure authority, and 32.5 FTE. There are no major changes to this division.

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.

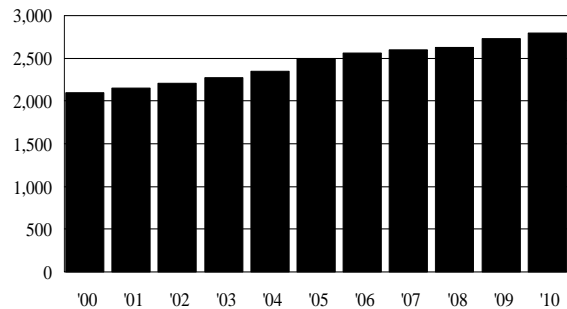
HUMAN SERVICES CENTER

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.

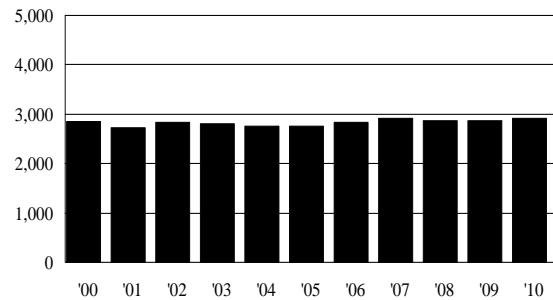
COMMUNITY MENTAL HEALTH

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.

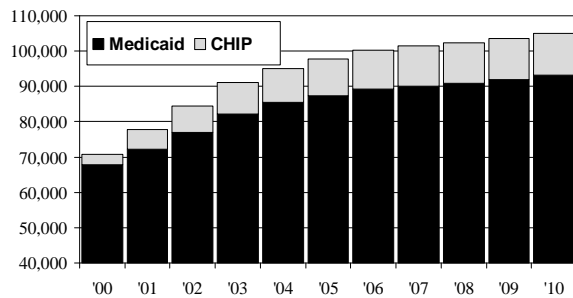
ECONOMIC ASSISTANCE

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.

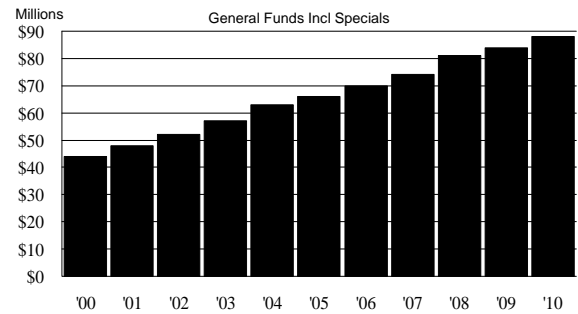
CORRECTIONS

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.

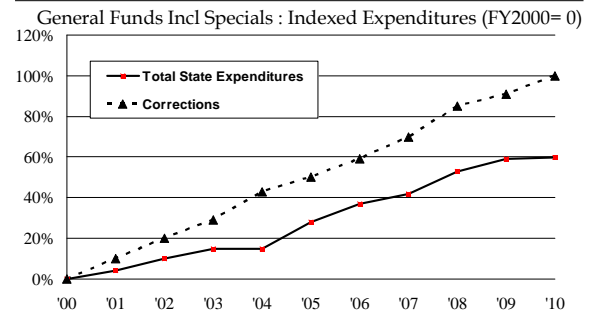
The Average Daily Count (ADC) of adult inmates is projected to reach 3,585 in FY2010. This represents an increase of 212 inmates over the actual FY2008 ADC of 3,373 inmates, or a 6.3% increase over two years. The average daily population of juveniles in

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

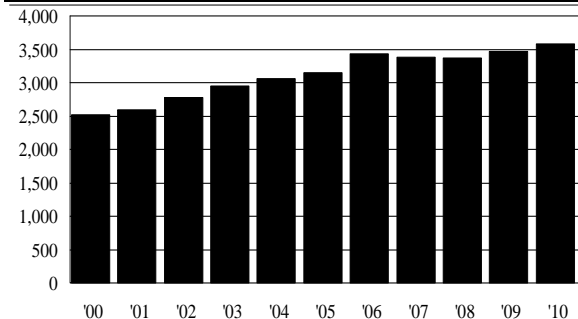
Corrections



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.

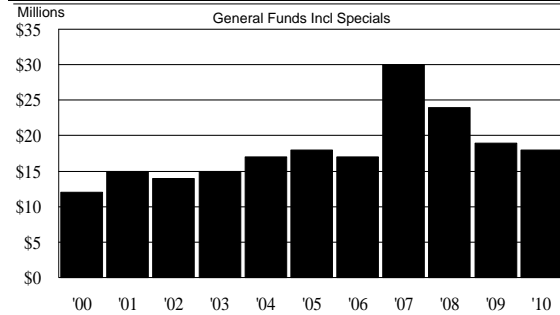
QUEST/EXCEL

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.

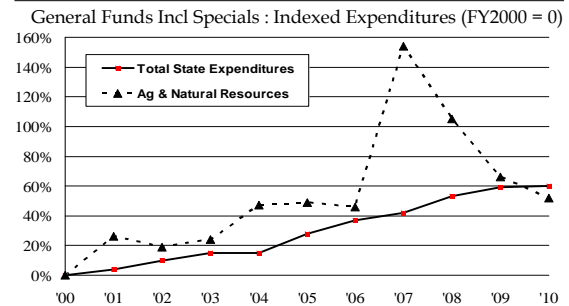
AGRICULTURE; ENVIRONMENT AND NATURAL RESOURCES; AND, GAME, FISH, AND PARKS

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.

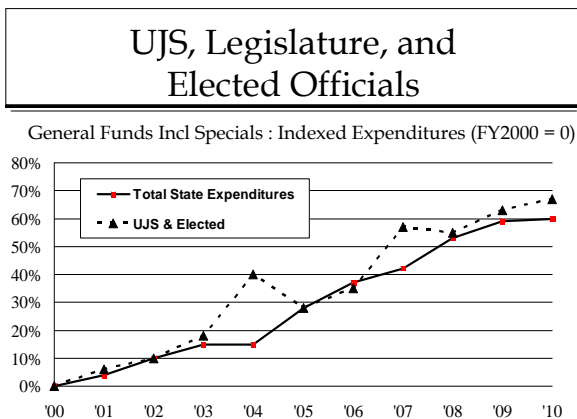
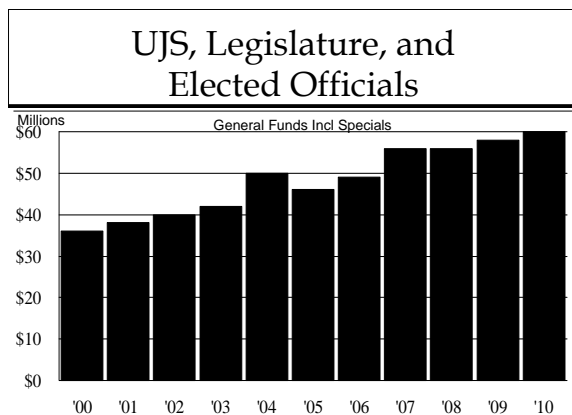
The Division of State Parks and Recreation's Development and Improvement Program has a total recommended increase of \$358,650. The total recommended budget includes decreases of \$202,175 in general funds and \$455,400 in federal fund expenditure authority and an increase of \$1,016,225 in other fund 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

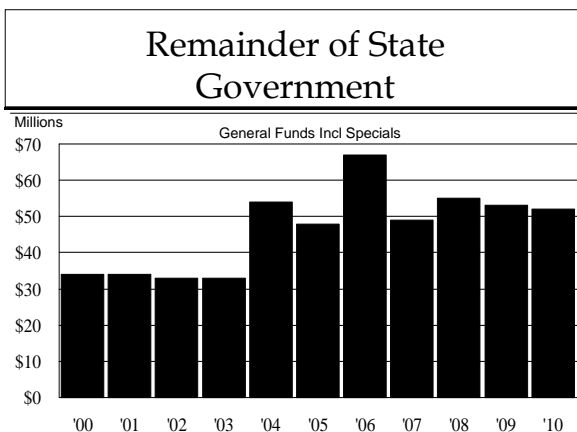
The Governor's recommendation includes an increase of \$3,606 in other fund expenditure authority. The total recommended FY2010 budget consists of \$2,897,958 in other fund expenditure authority and 3.5 FTE.

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.

GOVERNATORIAL 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.

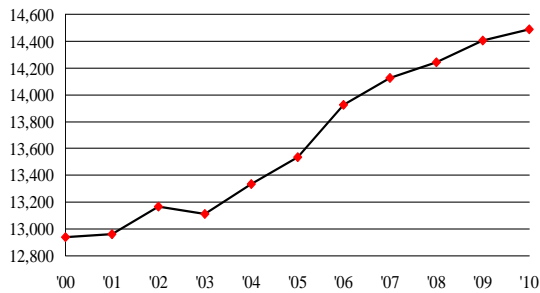
INSPECTION AND LICENSING

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

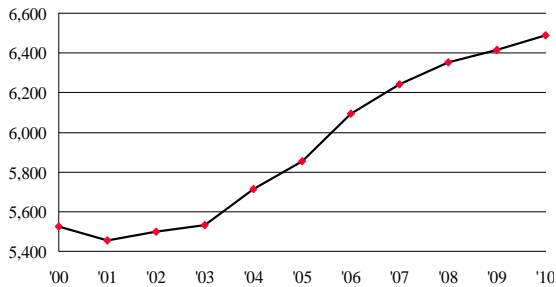
The total appropriated FTE increased from 12,938.1 in FY2000 to a recommended level of 14,488.6 for FY2010. This is a difference of 1,550.5 FTE over a ten-year period.

**FTE History
All of State Government**



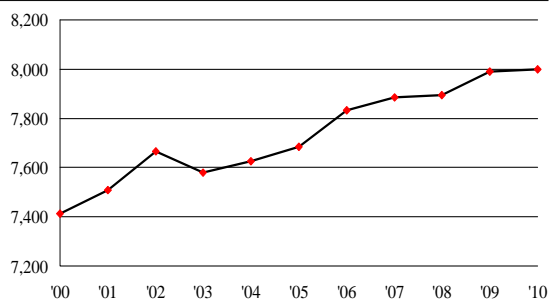
For offices outside the control of the Governor, total appropriated FTE grew from 5,523.7 in FY2000 to a recommended 6,490.7 for FY2010. This is an increase of 967.0 FTE, or 17.5%.

**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**



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.

**GOVERNOR'S FY2010 GENERAL FUND
BASE BUDGET RECOMMENDATIONS**

GENERAL BILL	FTE EXPANSION/ (REDUCTION)	GENERAL FUND EXPANSION/ (REDUCTION)	TOTAL GENERAL FUND RECOMMENDATION
Administration	(1.0)	(97,583)	7,043,892
Agriculture	(0.3)	603,600	6,725,954
Attorney General	1.0	518,910	10,264,153
Corrections	(4.0)	4,754,595	87,677,471
Education (Excluding State Aid and Postsecondary Education)	0.0	372,560	12,697,237
State Aid to Education		70,694	387,688,416
Postsecondary Vocational Education		280,285	19,767,425
Environment and Natural Resources	0.0	(323,696)	6,122,430
Finance and Management	0.0	(621,923)	8,773,562
Game, Fish, and Parks	(1.0)	(466,621)	5,180,366
Gubernatorial Division	0.0	54,446	2,537,145
Health	2.0	596,148	8,412,874
Human Services	6.0	3,884,634	113,529,029
Information and Telecommunications	1.0	211,019	6,143,117
Labor and Regulation (Includes SD Retirement System)	0.0	13,495	885,498
Legislature	(2.0)	(162,386)	7,648,308
Military and Veteran's Affairs	0.0	224,673	6,573,617
Personnel	0.0	5,550	974,651
Public Safety	3.0	(266,599)	3,745,857
Public Utilities Commission	0.0	(39,422)	519,289
Regents	67.0	3,526,425	188,745,321
Revenue	1.0	(5,621)	1,324,081
School and Public Lands	0.0	(118,558)	551,164
Secretary of State	0.0	10,167	987,386
Social Services	0.0	10,116,990	287,815,081
State Auditor	0.0	30,067	1,244,136
State Treasurer (Including Investment Council)	0.0	5,032	511,891
Tourism & State Development	1.0	115,820	11,913,554
Transportation	0.0	5,986	525,811
Unified Judicial System	9.0	1,486,136	36,041,367
TOTAL FY2010 GENERAL BILL RECOMMENDATIONS	82.7	24,784,823	1,232,570,083
BREAKDOWN			
Executive Branch	7.7	19,123,027	576,064,082
Unified Judicial System and Other Elected Officials	8.0	1,784,392	60,304,839
State Aid		70,694	387,688,416
Postsecondary Vocational Education		280,285	19,767,425
Board of Regents	67.0	3,526,425	188,745,321
TOTAL FY2010 GENERAL BILL RECOMMENDATIONS	82.7	24,784,823	1,232,570,083

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	120,265,382	126,605,981	128,023,962	129,910,512
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	169,760,821	188,092,570	186,740,412	166,045,153
One-Time Receipts	6,550,000	6,508,132	12,815,670	2,282,002
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
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	\$ 729,081,925	\$ 785,303,535	\$ 822,779,722	\$ 844,881,667
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	13,647,334	5,715,381	0
Continuing Appropriations	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	\$ 317,535	\$ 247,214	\$ 150,957	\$ 0
Property Tax Reduction Fund	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	(247,214)	(150,957)	0	0
Property Tax Reduction Fund	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.

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