

## Governor Dennis Daugaard's FY2012 Budget Recommendations



## Structural Deficit

- When Ongoing Expenses exceed Ongoing Revenues
- Stimulus funds are excluded
- One time Revenues are excluded
- One time Expenses are excluded

## A History of Ongoing Revenue Estimating

Year	Adopted	Actual Receipts	Difference
FY 2002	\$ 851,022,400	\$ 837,855,606	\$(13,166,794)
FY 2003*	\$ 841,450,556	\$ 872,718,745	\$ 31,268,189
FY 2004*	\$ 876,682,272	\$ 917,449,464	\$ 40,767,192
FY 2005	\$ 952,696,623	\$ 956,751,219	\$ 4,054,596
FY 2006*	\$ 1,001,797,801	\$ 1,013,115,062	\$ 11,317,261
FY 2007*	\$ 1,065,991,069	\$ 1,061,350,024	\$(4,641,045)
FY 2008*	\$ 1,148,973,257	\$ 1,143,748,223	\$(5,225,034)
FY 2009	\$ 1,195,459,836	\$ 1,138,901,445	\$(56,558,391)
FY 2010*	\$ 1,130,101,479	\$ 1,109,359,945	\$(20,741,534)
FY 2011	\$ 1,154,744,209	\$ 1,138,892,224	\$(15,851,985)

\* Includes adjustments

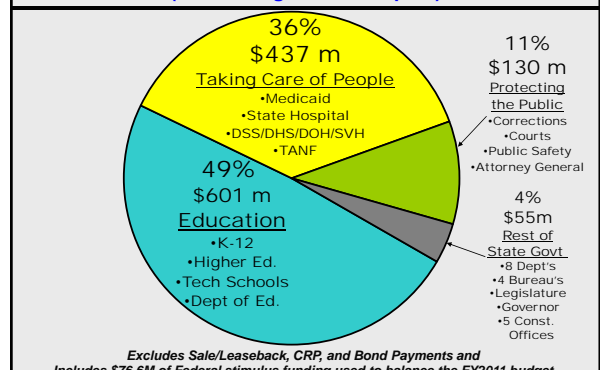
## FY2011 Adopted vs. Revised Receipts (in millions)

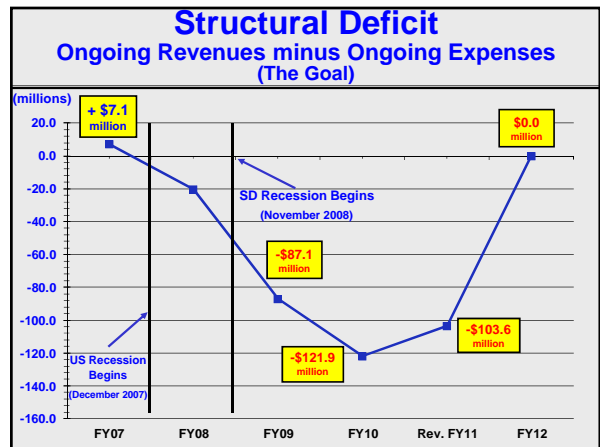
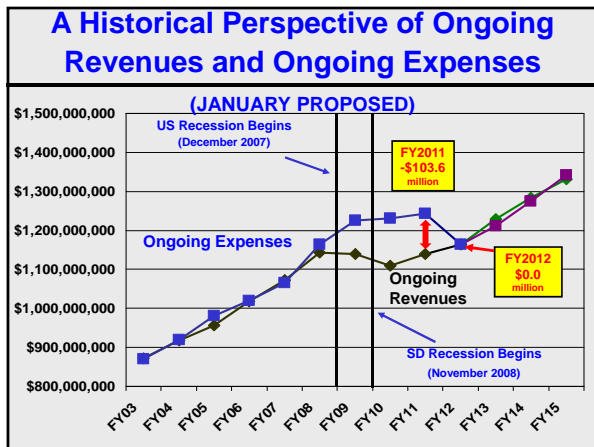
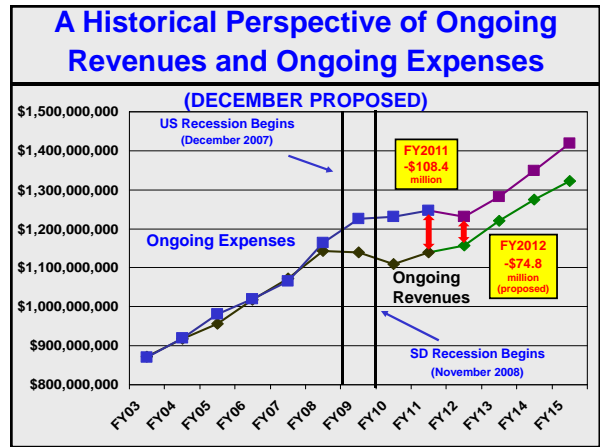
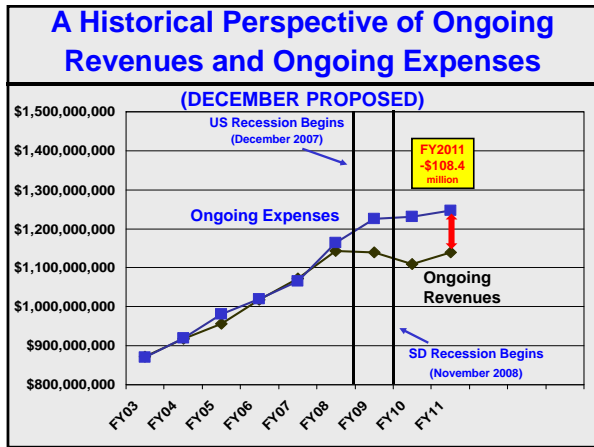
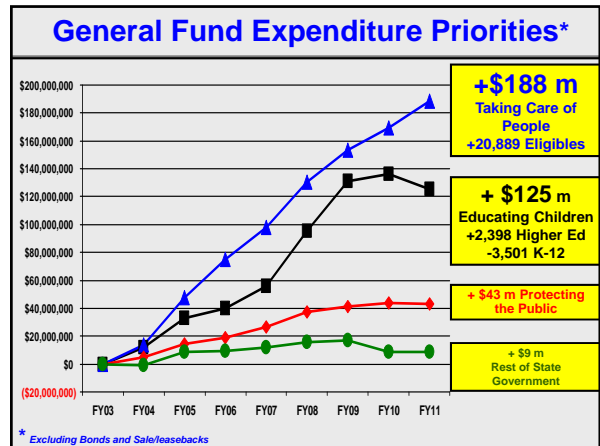
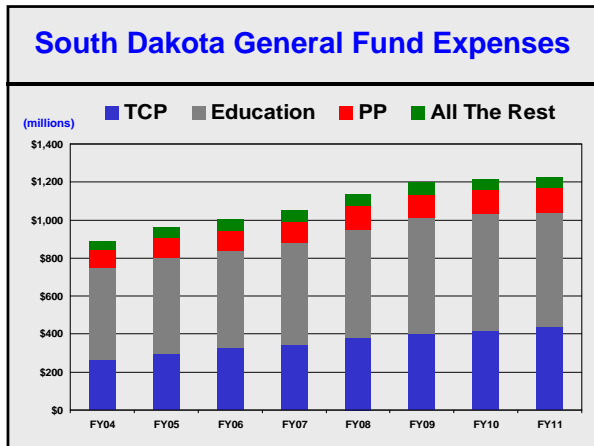
	Ad. FY2011	Rev FY2011	Change
Sales and Use Tax	\$671.4	\$688.5	+17.1
Property Tax Reduction Fund	118.7	112.7	- 6.0
Contractor's Excise Tax	80.0	62.5	- 17.5
Insurance Company Tax	63.4	62.3	- 1.1
Bank Franchise Tax	24.9	3.9	- 21.0
Transfer from Trust Funds	30.7	30.7	0.0
Charges for Goods and Services	15.9	26.2	+10.3
Other Ongoing Receipts	149.7	152.1	+2.4
Total Ongoing Receipts	1,154.7	1,138.9	-15.8
One-Time Receipts	9.9	9.9	0.0
Reserve Transfers to Balance	0.0	0.0	0.0
<b>Total General Fund Revenues</b>	<b>1,164.6</b>	<b>1,148.8</b>	<b>-15.8</b>

## FY2011 & FY2012 Receipts & Forecasts (in millions)

	Rev FY2011	FY2012	Change
Sales and Use Tax	\$688.5	\$709.3	+\$20.8
Property Tax Reduction Fund	112.7	112.2	- 0.5
Contractor's Excise Tax	62.5	68.0	+ 5.5
Insurance Company Tax	62.3	64.6	+ 2.3
Bank Franchise Tax	3.9	4.0	+ 0.1
Transfer from Trust Funds	30.7	30.3	- 0.4
Charges for Goods and Services	26.2	25.1	- 1.1
Other Ongoing Receipts	152.1	150.7	- 1.4
Total Ongoing Receipts	1,138.9	1,164.2	+ 25.3
One-Time Receipts	9.9	25.4	+ 35.3
Reserve Transfers to Balance	0.0	0.0	0.0
<b>Total General Fund Revenues</b>	<b>1,148.8</b>	<b>1,138.8</b>	<b>-10.0</b>

## How your State Tax Dollar is Allocated (FY2011 Legislative Adopted)





### Mandatory General Fund Increases Proposed for FY2012

Stimulus 2 FMAP loss	+\$25,512,329
FMAP Rate Increase	+\$14,965,827
Remainder of Stimulus 2 loss	+\$13,711,354
Medical Services Expansion	+\$12,147,707
State Aid Increased Enrollments	+\$ 8,379,419
Special Education	+\$ 2,683,411
Federally Mandated Medical Inflation	+\$ 1,799,751
Tech School Increased Enrollments	+\$ 1,523,405
Remaining Mandatory Increases	+\$ 4,830,473
<b>Total</b>	<b>+\$85,553,676</b>

### We Can't Spend What We Don't Have

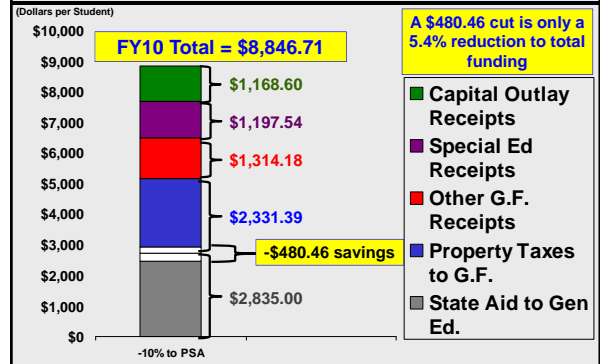
#### FY2012 General Fund Cuts Proposed

<b>Education Funding at All Levels</b>	<b>-10%</b>
<b>Providers</b>	<b>-10%</b>
<b>Executive Branch Agencies</b>	<b>-10% to -22%</b>
<b>Elected Officials</b>	<b>-10%</b>
<b>Leg. &amp; Judicial Branches</b>	<b>-10%</b>

### General Fund Cuts Proposed For FY2012

Executive Branch		Other Branches and Offices	
Corrections	-\$7,224,994 -10.0%	Board of Regents	-\$11,364,975 -10.0%
Social Services	-\$4,253,340 -11.0%	Courts System	-\$ 3,401,497 -10.0%
Human Services	-\$4,076,563 -11.1%	Attorney General	-\$ 923,548 -10.0%
Education	-\$2,654,938 -13.2%	Legislative Resrch	-\$ 461,007 -10.0%
Tourism/State Devt	-\$ 873,342 -10.0%	Legislative Audit	-\$ 289,267 -10.0%
Health	-\$ 803,160 -10.8%	State Auditor	-\$ 120,594 -10.0%
Agriculture	-\$ 664,502 -10.8%	Secretary of State	-\$ 97,416 -10.0%
Mil/Vets Affairs	-\$ 652,914 -10.4%	School/Public Land	-\$ 54,704 -10.0%
Game, Fish, & Parks	-\$ 650,000 -22.0%	Public Utilities	-\$ 51,240 -10.0%
Environment & NR	-\$ 582,006 -10.0%	Treasurer	-\$ 50,856 -10.0%
Info & Telecomm	-\$ 576,869 -10.0%		
Public Safety	-\$ 378,799 -10.3%	Entitlement Rate Cuts	
Administration	-\$ 355,228 -10.6%	Providers	-\$30,044,697 -10.0%
Governor	-\$ 236,947 -10.0%	All Education	-\$55,237,159 -10.0%
Revenue	-\$ 187,919 -16.4%		
Labor	-\$ 104,184 -11.9%		
Personnel	-\$ 99,162 -10.2%		
Finance & Mgmt	-\$ 88,000 -10.0%		
Transportation	-\$ 52,240 -10.0%		
		<b>Total = -\$126,972,247</b>	

### The impact of a 10% reduction to the Per Student Allocation?

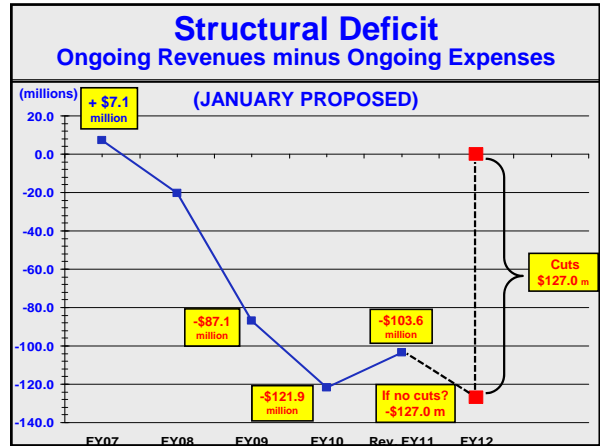
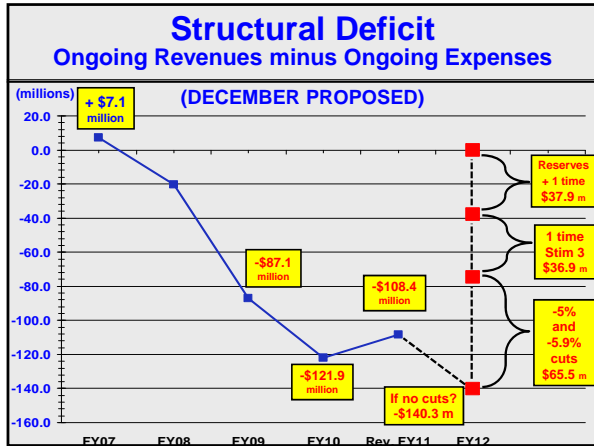


### Recommended FTE Changes

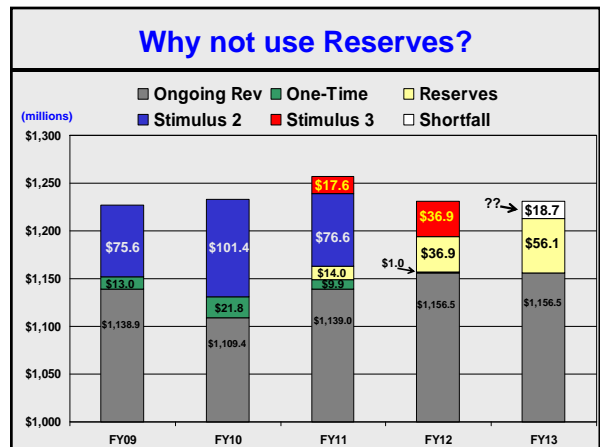
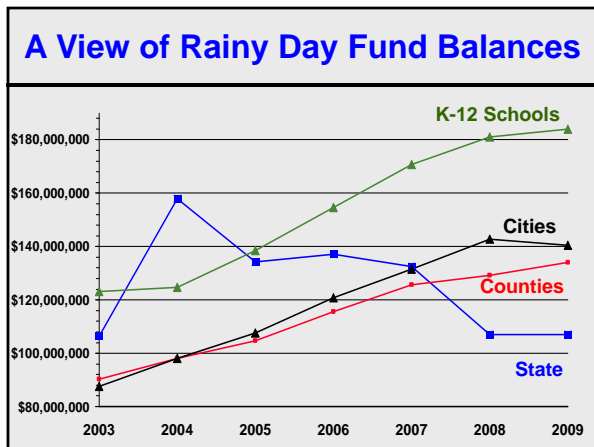
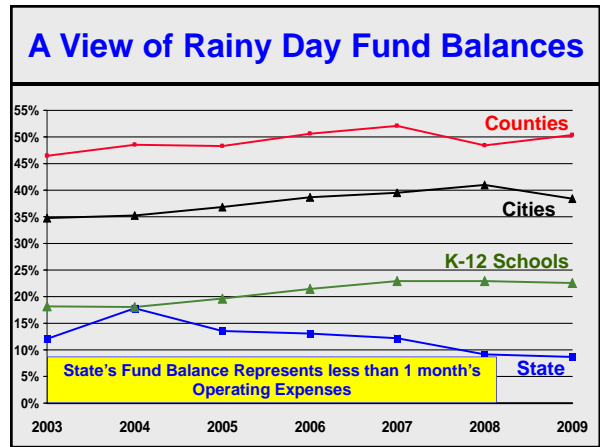
Governor's Agencies	FTE	Other Agencies	FTE
Tourism & State Development	(63.0)	Legislative Audit	(2.0)
Corrections	(39.7)	Regents	178.9
Information and Tele	(27.8)		
Administration	(8.5)	<b>Total = +176.9</b>	
Labor	(6.3)		
Revenue	(6.1)		
Education	(5.0)		
Agriculture	(4.0)		
Public Safety	(3.5)		
Social Services	(2.7)		
Personnel	(1.0)		
Game, Fish & Parks	(0.5)		
Environment & Natural Resources	(0.2)		
Health	1.0		
Military and Veterans' Affairs	6.0		
<b>Total = -161.3</b>			

### What is our Structural Deficit?

	FY2012 (millions)	
	December	January
Ongoing Revenues	\$1,156.5	\$1,164.2
Ongoing Expenses (no cuts)	\$1,293.6	\$1,283.9
Ongoing Specials/Cont.	\$3.2	\$7.3
<b>Total Expenses</b>	<b>\$1,296.8</b>	<b>\$1,291.2</b>
<b>Structural Deficit</b>	<b>-\$140.3</b>	<b>-\$127.0</b>
<b>Cuts Proposed</b>	<b>\$65.5</b>	<b>\$127.0</b>
<b>Structural Deficit</b>	<b>-\$74.8</b>	<b>\$0.0</b>



## What about our Rainy Day Funds?



FY2011 General Fund General Bill Amendments	
Stimulus 3 Impact	(\$17,560,191)
DHS Adjustments	(\$2,924,372)
Utilities & Various Reductions	(\$963,812)
Tech School Inc. Enrollments	\$795,993
State Aid Inc. Enrollments	\$4,908,469
Total General Funds Amendments for the FY2011 General Appropriations Act	(\$15,743,913)

Special Appropriations	
<u>General Funds:</u>	
<u>FY2012</u>	
Emergency & Disaster Fund	\$ 13,378,347
Physician Tuition Reimbursement	\$ 244,813
Tax Refunds for Elderly and Disabled	\$ 500,000
Total Special Appropriations	\$ 14,123,160

Total Changes FY2011 to FY2012		
	<u>FY2011</u>	<u>FY2012</u>
General Funds	\$1,148.8m	\$1,136.5m
Federal Funds	\$1,937.3m	\$1,803.0m
Other Funds	\$1,008.6m	\$ 982.3m
Total Funds	\$4,094.7m	\$3,921.8m

- | Budget Summary |  |
|----------------|--|
| ■              | Ongoing revenues have remained soft      |
| ■              | Ongoing expenses have continued to grow  |
| ■              | Stimulus 2 and 3 gave us time            |
| ■              | Reserves are not the answer              |
| ■              | We must eliminate the structural deficit |

The Goal
Eliminate the structural deficit in FY2012:
<b>-\$127 m</b>