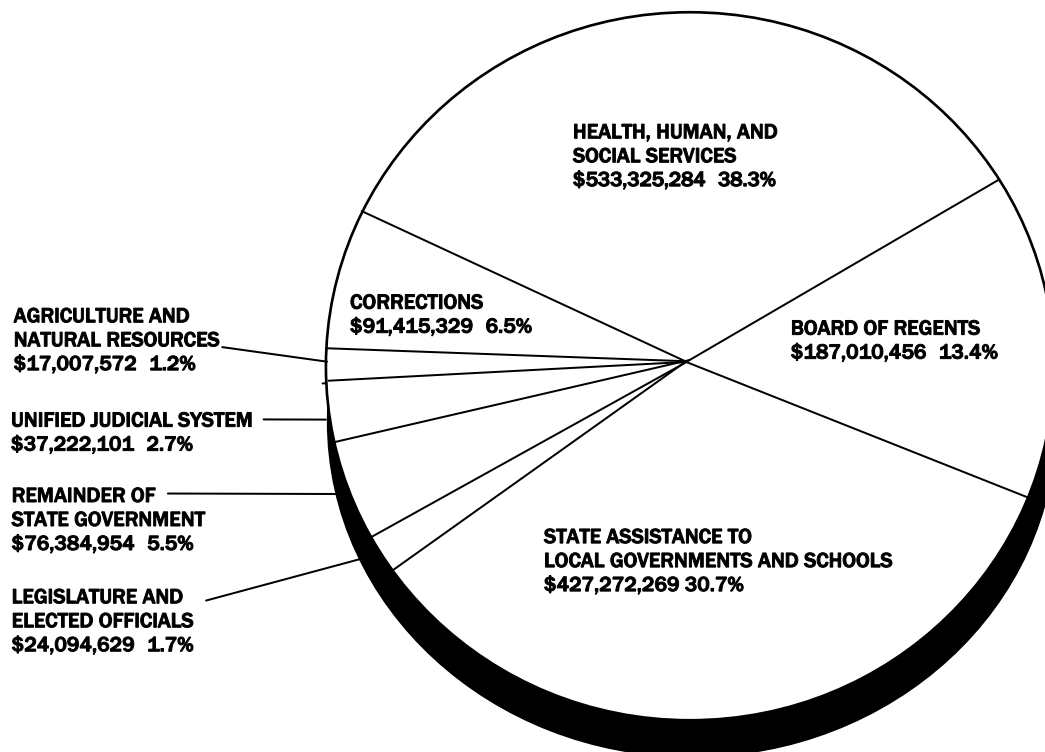


STATE OF SOUTH DAKOTA SUMMARY OF GOVERNOR'S BUDGET FISCAL YEAR 2015

BEGINNING JULY 1, 2014

ENDING JUNE 30, 2015

OUR 125th YEAR OF A BALANCED BUDGET



DENNIS DAUGAARD, GOVERNOR

TABLE OF CONTENTS

SUMMARY OVERVIEW	1
U.S. AND SOUTH DAKOTA ECONOMIC FORECAST.....	2
U.S. ECONOMY	2
SOUTH DAKOTA ECONOMY	6
REVENUE ESTIMATES	10
BUDGET RESERVE	13
COMPARISON BETWEEN LEGISLATIVE AND REVISED ESTIMATE FOR FY2014.....	14
COMPARISON BETWEEN FY2013 AND FY2014 REVENUE COLLECTIONS.....	15
COMPARISON BETWEEN FY2014 AND FY2015 REVENUE COLLECTIONS.....	16
GENERAL FUND RECEIPTS.....	17
TAX EXPENDITURES	18
RECOMMENDED EXPENDITURES	22
SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS AND REORGANIZATIONS	24
SPECIAL APPROPRIATION RECOMMENDATIONS	45
GOVERNOR'S RECOMMENDATION FOR STATE EMPLOYEE COMPENSATION.....	50
GOVERNOR'S FY2015 GENERAL FUND RECOMMENDATIONS.....	51
GENERAL FUND CONDITION STATEMENT.....	52
TOTAL STATE GOVERNMENT BUDGET (EXCLUDING INFORMATION BUDGETS)	53
INFORMATION BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL.....	54
TOTAL STATE GOVERNMENT BUDGET (INCLUDING INFORMATION BUDGETS).....	55

SUMMARY OVERVIEW

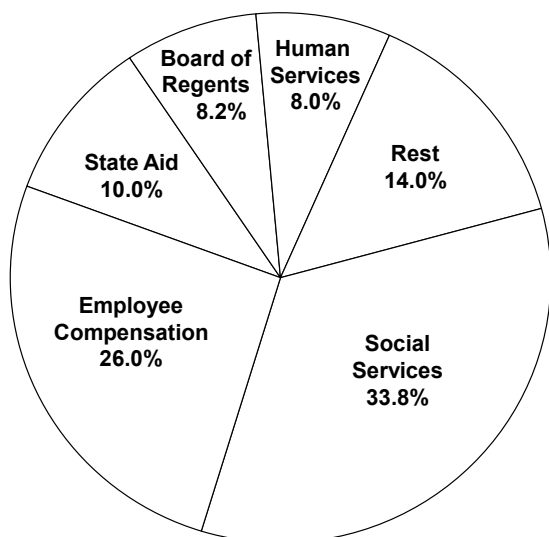
Governor Daugaard is recommending a budget (including special appropriations) for FY2015 totaling \$4,276,422,737, and 13,890.9 FTE. This represents an overall decrease of \$123,721,081 in total funds and an increase of 57.5 FTE over FY2014. For FY2015, the Governor is proposing a general fund budget of \$1,393,732,594, which is a decrease of \$58,472,804 over the FY2014 budget. The proposed FY2015 general fund budget is distributed as follows:

- \$424.6 million, or 30.5% for Aid to Schools;
- \$533.3 million, or 38.3% for Health, Human, and Social Services;
- \$187.0 million, or 13.4% for Higher Education;
- \$ 91.4 million, or 6.5% for Corrections;
- \$ 61.3 million, or 4.4% for the Legislature, Unified Judicial System, Public Utilities Commission, and Elected Officials;
- \$ 17.0 million, or 1.2% for Agriculture; Environment and Natural Resources; and Game, Fish, and Parks; and,
- \$ 79.1 million, or 5.7% for the Remainder of State Government.

The graph below depicts the FY2015 recommended general fund increases, excluding special appropriations and including the employee compensation package.

FY2015 General Fund Increases

Excluding Special Appropriations and Including Employee Compensation Package



TOTAL INCREASE:

\$78,269,244

Social Services	\$26.4
Employee Compensation	\$20.3
State Aid	\$ 7.8
Board of Regents	\$ 6.4
Human Services	\$ 6.3
Rest	\$11.0

U.S. AND SOUTH DAKOTA ECONOMIC FORECASTS

U.S. ECONOMY

RECENT ECONOMIC ACTIVITY

US economic growth improved over the course of 2013 as fears of the fiscal cliff and sequester cuts early in the year were offset by increases in consumer spending and a strong housing market through the first three quarters of 2013. The immediate economic concerns of a prolonged government shutdown and the US government reaching the borrowing limit were recently delayed. However, the short term extension to early 2014 sets up another budget and debt debate at the federal level. The temporary federal government shutdown in early October appears to have had little impact to overall economic growth. October payroll employment grew more than anticipated while the two previous months were revised upward. However, economic growth since the 2007-2009 recession remains below average. Although the US economy has been recovering for more than four years, the unemployment rate remains elevated at 7.3%, and employment levels are still 1.5 million lower than the peak employment level realized prior to the economic recession. The current economic outlook assumes economic growth to improve in 2014 and into 2015 as employment growth and improvement in the housing sector continue over the forecast period.

The federal government budget deficit and its implication on federal debt and the US economy has been a recent focus of policymakers. Most policymakers agree that the federal budget is on an unsustainable path over the long term. According to Congressional Budget Office (CBO) baseline estimates, the budget gap (the difference between outlays and revenues) is projected to increase from 2.1 percent of gross domestic product (GDP) in 2015 to 14.2 percent by 2088 under existing law. According to CBO's estimates, the amount of public debt as a share of GDP will reach 100% by 2038 and could go as high as 245% by 2088. This long term imbalance will continue to be an issue of debate over the next several years as the longer the problem is unaddressed, the more difficult it becomes to solve.

The Federal Reserve continues to support an accommodative monetary policy through quantitative easing and a low interest rate policy. The Federal Reserve continues to purchase \$85 billion per month in asset purchases. In recent Federal Reserve meetings, there have been discussions regarding when to reduce asset purchases and monetary

stimulus, but no definite timetable has been set as to when the Federal Reserve will start this process. The Federal Reserve continues to promote a low interest rate policy as the target range for the federal funds rate continues to be 0%-0.25%. It is anticipated to remain at this low level until mid-2015.

Despite the government shutdown, recent statistics indicate the economy continues to grow in the second half of 2013.

The following are recent key national economic statistics:

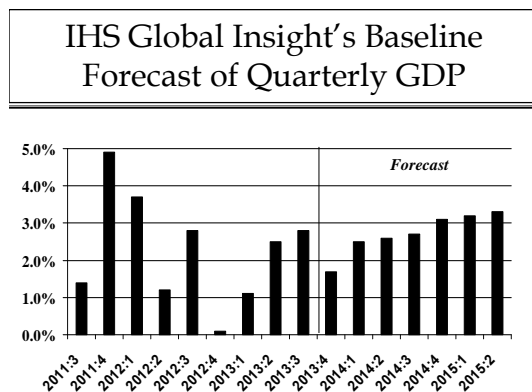
- Advance estimates indicate real GDP grew 2.8% in the third quarter of 2013, which is stronger growth than the economic growth from the second quarter of 2.5%.
- The unemployment rate was 7.3% in October, which was 0.1% higher than the prior month. The current rate is 0.6% lower than October of 2012.
- The Institute of Supply Management's (ISM) manufacturing report on business was 56.4 in October, up from 56.2 in September. This was the 5th consecutive month the index has been above 50 after it briefly dropped to 49.0 in May of 2013. A reading above 50 usually indicates the manufacturing sector is expanding.
- The ISM non-manufacturing report on business was 55.4 in October, an increase from 54.4 in September. This was the 46th consecutive monthly reading above 50, indicating continued expansion.
- U.S. personal income increased at an annual rate of 4.1% in the second quarter but softened to 3.8% in the third quarter of 2013. Personal income grew 2.9% in 2010, 6.1% in 2011, and 4.2% in 2012.
- Real personal spending increased 1.8% in the second quarter and 1.5% in the third quarter of 2013. The third quarter increase was accompanied by a robust increase in durable goods spending of 7.8%.
- Total construction spending was up 0.6% in August compared to July. Private construction was up 0.7%, while public construction grew 0.4% compared to the prior month.

NATIONAL FORECAST HIGHLIGHTS

This section summarizes IHS Global Insight's forecast as of November 2013 for various categories of the U.S. economy. IHS Global Insight is one of the most respected economic forecasting firms in the world.

GDP: US economic growth nearly stalled in late 2012 and early 2013 as federal budget cuts pulled real gross domestic product (GDP) growth down to 0.1% and 1.1% in the fourth quarter of 2012 and first quarter of 2013, respectively. The sequestration cuts combined with the payroll tax increase depressed growth during this timeframe. However, modest growth returned in the second and third quarter of 2013 as the housing market continued to gain strength and employment growth continued despite the budget reductions. Currently, IHS Global Insight believes the upside and downside economic risks are roughly balanced in the short term. Global Insight's baseline forecast is for continued modest economic growth over the next several quarters. Growth is expected to increase during 2014 as increases in employment lead to stronger consumer spending.

In the first three quarters of this year, real GDP grew 1.1%, 2.5%, and 2.8%, respectively. In the fourth quarter, GDP growth is forecast to grow 1.7%. In the four quarters in 2014, IHS Global Insight is projecting GDP growth of 2.5%, 2.6%, 2.7%, and 3.1%. In 2015, GDP is forecast to increase 3.2% in the first quarter and 3.3% in the second quarter.



On an annual basis, GDP decreased 0.3% in 2008 and 2.8% in 2009, and then grew 2.5% in 2010, 1.8% in 2011, and 2.8% in 2012. IHS Global Insight's latest forecast projects real GDP to grow 1.7% in 2013, 2.5% in 2014, and 3.1% in 2015.

CONSUMERS: Consumer spending is a key component causing economic growth, as consumption accounts for over two-thirds of economic activity as measured by GDP. In 2008

and 2009, real consumer spending declined 0.4% and 1.6%, respectively, as the recession caused major job losses leading to decreased consumer spending during those years. In 2010, 2011, and 2012, consumer spending growth returned with growth rates of 2.0%, 2.5%, and 2.2%, respectively. In 2013, real consumption growth has been 2.3%, 1.8%, and 1.5% the first three quarters, and is anticipated to be 2.3% in the fourth quarter. The growth of 1.5% realized in the third quarter was led by a 7.8% increase in spending on durable goods while service consumption registered just a 0.1% growth rate. This growth in durable goods is positive news, especially considering that recent consumer confidence readings were negative. The Reuters/University of Michigan's index of consumer confidence dropped by 4.3 points in October, and the Conference Board's consumer confidence index decreased by 9.0 points in October. The primary reasons for deterioration of confidence were the federal government shutdown and the debt ceiling debate in Washington, DC. This recent loss of consumer confidence may have an impact on discretionary holiday retail sales. Global Insight expects holiday sales in November and December to increase just 3.2% over last year, a moderate increase given how last year's sales were tempered due to Hurricane Sandy and fiscal cliff fears. On an annual basis, real consumption is projected to increase by 1.9% in 2013, with growth improving to 2.5% and 2.7% for 2014 and 2015, respectively.

The personal savings rate (as a percentage of disposable income) was 4.7% in the third quarter of 2013. This was an increase from the 4.5% savings rate registered in the second quarter, indicating an increase in savings, which helps explain the softer spending growth in the third quarter. In 2010, 2011, and 2012, the savings rate was 5.6%, 5.7%, and 5.6%, respectively. The savings rate is projected to be 4.6% in 2013, 5.2% in 2014, and 5.4% in 2015.

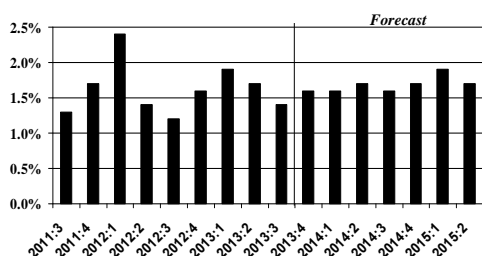
EMPLOYMENT: The latest U.S. payroll employment report indicated total nonfarm employment grew by 204,000 jobs in October, which was higher than anticipated by most economists. Private sector employment increased by 212,000, which increased the total gains for private payrolls to slightly more than 1.8 million in 2013. Modest growth is expected to continue in 2013 and accelerate in 2014 and 2015. The sectors showing gains over the past several months include: wholesale and retail trade, financial activities, professional and business services, education and health services, construction, and leisure and hospitality. In the fourth quarter of 2013 nonfarm employment is expected to be 2.2 million jobs higher than the fourth quarter of 2012, representing a 1.7% year-over-year growth rate. This is still below the peak employment level reached before the Great Recession. IHS

Global Insight is forecasting employment to return to the original peak level during the third quarter of 2014, more than six years after the peak was reached in the first quarter of 2008. The current forecast shows total employment to grow 2.2 million jobs in 2013 on an annual basis compared to 2012. In 2014 and 2015, employment growth is estimated to be 2.2 million and 2.5 million jobs, respectively.

The unemployment rate in October increased slightly to 7.3%, which was 0.1% higher than September, but 0.6% lower than a year ago. The unemployment rate is expected to continue to recede during 2014 and 2015 as employment increases. On an annual basis, the unemployment rate was 9.6% in 2010, 8.9% in 2011, and 8.1% in 2012. In 2013 and 2014, the unemployment rate is projected to be 7.5% and 6.9%, respectively. In 2015, the unemployment rate is projected to decline to 6.4% and gradually improve thereafter.

In the first quarter of 2013, nonfarm payroll employment realized growth of 1.9%, and growth slowed to 1.7% in the second quarter (seasonally adjusted annual rate). During the third quarter, the growth rate further softened to 1.4%. Employment growth is projected at 1.6% in the fourth quarter of 2013, and is expected to continue into 2014 with growth rates of 1.6%, 1.7%, 1.6%, and 1.7% in the four quarters. In the first two quarters of 2015, payroll employment growth is projected to continue with growth rates of 1.9% and 1.7%, respectively.

IHS Global Insight's Baseline
Forecast of Employment Growth



On an annual basis, payroll employment in the US decreased 0.7% in 2010, and then increased 1.2% in 2011 and 1.7% in 2012. Payroll employment is forecasted to grow 1.6% in 2013, 1.6% in 2014, and 1.8% in 2015.

HOUSING: Home prices continue to gain strength and are helping to support the economic recovery. The S&P/Case-Shiller Home Price Index was up 12.8% year-over-year in August as fewer homes are in foreclosure. Recent data for housing starts has been positive as both multi-family and single family starts registered gains in the third quarter. Demand

for housing continues to be strong as the homeowner vacancy rate was 1.9% in the third quarter, an indication that new housing units are being absorbed by the market. Historically low interest rates and steady employment growth will help support the recovery in the housing sector in 2014 and 2015. Residential investment in housing is expected to contribute 0.5% and 0.6% growth to real GDP in 2014 and 2015, respectively.

Total housing starts are projected to be 0.91 million units in 2013 and 1.14 million units in 2014, then grow to 1.47 million units in 2015 as job growth accelerates. In 2010, 2011, and 2012, total housing starts were 0.59 million, 0.61 million, and 0.78 million units, respectively. IHS Global Insight is forecasting the median price of existing homes to increase by 9.4% in 2013. In 2014 prices are expected to grow 5.7% and then soften at -0.6% growth in 2015.

INFLATION: The Consumer Price Index (CPI) decreased in October for the first time in six months due to lower gasoline prices, but is currently up about one percent year-over-year. Currently, gasoline prices are at the lowest level since early 2011. Core CPI (excludes food and energy prices) increased at a 1.8% rate in the third quarter. Global Insight expects price increases to remain tepid since energy prices have dropped and wage inflation is still relatively weak. IHS Global Insight expects headline inflation to increase just 0.4% in the fourth quarter, with the core CPI growth easing to a 1.4% rate. Weak commodity prices and sluggish wage growth is anticipated to keep inflationary pressures low over the forecast period.

The CPI increased 1.6% in 2010, 3.1% in 2011, and 2.1% in 2012. The CPI is forecasted to increase 1.4% in 2013, 1.4% in 2014, and 1.7% in 2015. The producer price index for finished goods grew 4.2% in 2010, 6.0% in 2011, and 1.9% in 2012. It is expected to increase 1.3% in 2013, 0.7% in 2014, and 1.1% in 2015.

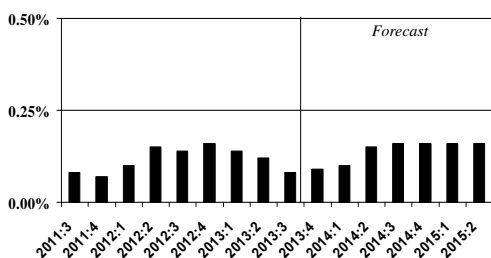
MONETARY AND FISCAL POLICY: Monetary and fiscal policy was very aggressive during the economic recession. The Federal Reserve utilized traditional as well as other liquidity and quantitative easing programs in an effort to support financial markets and the economy. In terms of fiscal policy, the federal government enacted a \$787 billion economic stimulus package in early 2009 as well as a temporary cut in payroll taxes for employees in 2011, which was extended into 2012. These actions helped stabilize the economy during and after the recession.

In recent meetings, the Federal Reserve has discussed when to begin reducing purchases of

assets, which is commonly referred to as quantitative easing. Currently, the Federal Reserve is purchasing \$85 billion of assets per month with the goal of keeping interest rates low to help support the economic recovery. Although no certain timeframe has been established, it is anticipated that the Federal Reserve will begin decreasing asset purchases in the coming months. The Federal Reserve continues to see economic activity expand at a moderate rate, although the unemployment rate is still elevated. The Federal Reserve now plans to keep the federal funds rate exceptionally low as long as the unemployment rate remains above 6.5%.

Currently, the federal funds target rate remains at the record low range of 0%-0.25% since it was set in December of 2008. IHS Global Insight expects the Federal Reserve to leave the federal funds rate at the current range until mid-2015; then it will begin to gradually raise rates.

IHS Global Insight's Baseline Forecast of the Federal Funds Rate



Although the federal deficit has improved in 2013, uncertain fiscal policy such as the inability of the US Congress to enact a timely budget continues to weigh on investment decisions by businesses. The recent government shutdown in early October appears to have had little economic impact and the extension to early 2014 buys time to the next potential debate on funding the federal government. In the unlikely scenario that Congress can replace sequester spending cuts with a credible long-term plan to reduce the deficit, it would reduce uncertainty and improve the overall economic outlook. IHS Global Insight assumes in the current economic forecast that Congress will extend the current funding bill for the remainder of federal fiscal year 2014 prior to another government shutdown occurring in early 2014.

The unified federal deficit for fiscal year 2013 was \$680 billion, which is \$409 billion lower than fiscal year 2012. The improvement was due to decreased spending through sequester-related cuts and an increase in receipts due to tax increases at the start of the calendar year. The fiscal year 2013 deficit represents approximately 4.1% of GDP, an

improvement from 6.8% of GDP in fiscal 2013. IHS Global Insight forecasts a slightly smaller deficit of \$678 billion in federal fiscal year 2014 assuming current funding levels are extended for the remainder of the year.

Real federal government purchases grew 5.7% in 2009 and 4.3% in 2010, and then declined 2.6% in 2011 and 1.4% in 2012. Real federal government purchases are expected to decline 4.7% in 2013, grow 0.4% in 2014, and decline by 0.6% in 2015. Real federal government spending is forecasted to decline from 2015 through 2019, as IHS Global Insight anticipates that federal spending will be reduced to stabilize the debt to GDP ratio over the long term.

INTERNATIONAL: Global economic growth has been weak in 2013 as the European economy struggled and Chinese economic growth was soft. The European economy realized a 0.3% growth in GDP after nearly two years of a severe economic recession. The third quarter realized just 0.1% GDP growth, indicating very little economic momentum in Europe at the present time. The Eurozone economy declined 0.6% in 2012 and is forecast to decrease 0.4% in 2013. Positive growth is expected to return in 2014 at 0.8%. Recently, the Chinese central government's change to a pro-growth policy supported an increase in economic activity in the third quarter. This shift in policy increased infrastructure spending and inventory building in China. In addition, the moderate US recovery combined with the Europe economy improving increased Chinese exports. Real GDP growth in China improved to 7.8% year-over-year in the third quarter, slightly stronger than the second quarter growth of 7.5%. The Chinese economy grew 7.7% in 2012 and is forecast to grow 7.8% in 2013. Stronger growth of 8.0% is projected in 2014.

In terms of GDP, global economic growth is projected to be weak at 2.4% in 2013, but improving to 3.3% in 2014. The forecasts for real GDP growth for 2014 for the United States, Japan, South America, and Canada are 2.5%, 2.0%, 3.4%, and 2.5%, respectively.

The U.S. trade deficit grew in September to \$41.8 billion compared to \$38.7 billion in August as imports grew at a faster rate than exports. The growth in imports was primarily from vehicles and capital goods. After growing 3.5% in 2012, real export growth is expected to slow to 2.4% in 2013 and strengthen to 4.5% in 2014 due to sustained economic improvement in Japan and Europe. Overall, IHS Global Insight forecasts the real trade deficit to be \$421.5 billion in 2013, then increase to \$450.0 billion in 2014 and \$481.7 billion in 2015 as imports grow at a faster rate than exports.

RISKS TO THE FORECAST

The US economy continued a modest pace of growth during 2013, despite federal government budget cuts and a payroll tax increase. Increases in consumer spending along with a strengthened housing market helped push the economy to 2.8% GDP growth in the third quarter, which was an improvement from the second quarter. However, both negative and positive risks to the economy are present.

A 20% probability exists that U.S. economic growth is much stronger than the baseline. In IHS Global Insight's optimistic scenario, GDP is projected to grow 1.8% in 2013, followed by robust growth of 4.1% in 2014 and 4.0% in 2015. The optimistic scenario assumes Congress agrees on a credible long-term deficit reduction plan which replaces automatic cuts and is able to pass a budget and raise the debt ceiling in advance of the early 2014 deadlines. These actions would reduce uncertainty regarding tax and fiscal policy that still exists for businesses and investors in today's climate. The optimistic scenario leads to strong improvements in labor and housing markets which fuels increased consumer spending. In addition, European policy makers develop a growth plan to put sovereign-debt issues to rest. Stronger economic growth from the United States and Europe lead to stronger emerging market growth than in the baseline. Overall, the optimistic assumptions anticipate a much better outlook than the baseline forecast and assume strong economic growth in 2014 and 2015.

While some signs of improvement exist, concerns still remain including continued fiscal policy uncertainty in Washington over the long term. IHS Global Insight's pessimistic scenario has a 20% probability of occurring. The pessimistic scenario forecasts the US economy would nearly slip into another economic recession in early 2014. In this scenario, unwarranted fiscal tightening in the United States combined with a slower global economic outlook cause the private sector to lose confidence, leading to a decrease in economic activity in the first quarter. Weak domestic demand combined with slow export growth lead to reduced employment, depressed wages, and higher unemployment. In the pessimistic scenario, real GDP declines 0.8% in the first quarter of 2014 with slow growth the remainder of the year. In the pessimistic forecast, GDP grows 1.6% in 2013, 0.6% in 2014, and 1.8% in 2015.

SOUTH DAKOTA ECONOMY

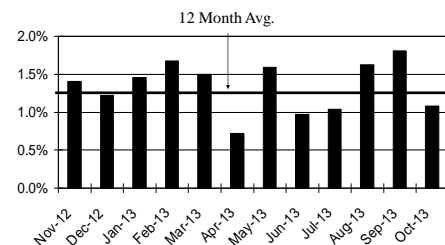
RECENT ECONOMIC ACTIVITY

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.

Nonfarm employment growth in South Dakota increased at an average rate of 1.4% from 2002 through 2008, approximately 0.6% higher than the U.S. nonfarm employment growth rate of 0.8% over the same time period. However, the 2007-2009 economic recession caused declines of 1.9% and 0.1% during 2009 and 2010 in South Dakota's employment. In 2011 and 2012, positive growth returned at 1.1% and 1.6%, respectively. During 2012, South Dakota's employment level exceeded the pre-recession peak level of 412,100 jobs and is currently 2.0% higher than the peak level. So far in 2013, employment growth has registered positive gains as the labor market continues to improve.

South Dakota had relatively strong employment growth in 2006, 2007, and 2008, adding 8,500, 7,900 and 4,900 jobs, respectively. However, the national recession led to 7,700 job losses during 2009 and 500 job losses in 2010. In 2011 and 2012, nonfarm employment grew 4,300 jobs and 6,500 jobs, respectively. In October 2013, nonfarm employment was up 1.08% over October 2012. The current forecast indicates a growth of 5,300 jobs for 2013 compared to 2012.

Recent Growth in S.D.
Nonfarm Employment



The following are some recent key South Dakota economic statistics:

- In the last twelve months (November 2012 through October 2013), nonfarm employment (seasonally adjusted) in South Dakota grew by 1.34% over the same period a year ago. Sectors

that experienced growth in the last twelve months were leisure and hospitality (3.90%); financial activities (3.51%); education and health services (2.43%); trade, transportation, and utilities (2.12%); manufacturing (1.77%); and government (0.76%). Sectors which have experienced losses over the past 12 months include: mining, logging, and construction (-4.91%); professional and business services (-2.20%); and other services (-0.21%).

- The unemployment rate in South Dakota was the second lowest in the U.S. in October at 3.7%. This was 3.6% below the national rate of 7.3% in October, and 0.7% lower than South Dakota's unemployment rate from October of 2012.
- During the twelve-month period from November 2012 through October 2013, the number of titles issued for new noncommercial vehicles was 42,274, which is an increase of 3,151, or 8.0%, over the prior twelve-month period.
- The total number of residential units authorized by building permits issued January through August of 2013 was 3,888, which was up 1,138 units from the same time period in 2012. The value of residential building permits issued year-to-date in 2013 was \$497.7 million. This is an increase of \$79.3 million from the first 8 months of 2012.

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: The economic impact in South Dakota from tourism totaled \$1.95 billion in 2012, a record high in South Dakota. This was a 10% growth in the economic impact compared to 2011. The robust growth rate experienced in 2012 was largely due to increased visitor activity compared to 2011. In 2011, major flooding of the Missouri river discouraged tourism activity and spending across the state.

Tourism has been relatively strong thus far in 2013, even with a slow start in the spring. Tourism taxable sales registered a 4.7% increase in the first 10 months of 2013 compared to the prior year, and traffic counts at information centers were up 8.0% during the peak season. Visitation at Mount Rushmore was up 0.4% and visitation at Badlands National Park was up 4.1% through the first 9

months of 2013 compared to 2012. Based on recent lower gas prices and recent increases in taxable sales, the outlook for the South Dakota tourism industry is optimistic heading into 2014 as the economy continues to recover and the state continues to promote South Dakota as a travel destination.

AGRICULTURE: In 2012, the agricultural economy in South Dakota produced cash receipts of \$10.0 billion, which was an increase of \$0.82 billion from 2011 (excluding government payments). Crops generated \$6.44 billion and livestock generated \$3.57 billion in 2012. Although there were drought conditions over much of South Dakota during 2012 which adversely impacted crop production, insurance payments and high prices more than offset lower production levels.

Overall, crop production in 2012 was down compared to 2011. In 2012, corn for grain production totaled 535.3 million bushels, down from 2011's production of 653.4 million bushels, due to lower yields as a result of the drought. The average yield of 101 bushels per acre was down from 2011's yield of 132 bushels. Soybean production was 141.3 million bushels, a decrease compared to 2011's production of 150.6 million bushels. Wheat production was down in 2012 compared to 2011 due to lower acres harvested. Livestock production in 2012 was higher compared to 2011 levels. The 2012 calf crop totaled 1.71 million head compared to 2011's production of 1.62 million head. The pig crop in 2012 was 3.8 million head, which was up 1.7% from 2011.

Crop production levels are higher for South Dakota producers in 2013 as moisture conditions improved across much of the state in 2013. According to the National Agricultural Statistics Service, as of November 1, corn production is projected to be 812 million bushels, up 52% compared to 2012. The corn yield is estimated to be 145 bushels per acre, up 44 bushels from last year's yield and if realized would be the second highest yield on record for the state. Soybean production is expected to be 182 million bushels, up 26% from a year ago, with a yield of about 40 bushels per acre, up 9 bushels from the 2012 yield. On the livestock side, a severe October blizzard killed an estimated 20,000 to 30,000 head of livestock in South Dakota. While this tragic loss will impact individual producers, the overall Agriculture economy is not anticipated to be materially affected as higher livestock prices have offset a portion of the losses. Overall farm income for 2013 is expected to be similar to 2012 as higher crop production will offset lower crop prices.

The Council's outlook for the agricultural economy is cautious for 2014, yet relatively optimistic over the

medium and long term. Strong domestic and worldwide demand is expected to continue to keep upward pressure on prices, leading to a healthy agriculture economy in the future. However, high crop production in 2013 has recently driven prices lower which could put downward pressure on crop income in 2014. In addition, the loss of breeding livestock from the October blizzard could lead to lower livestock production in the short term.

CONSTRUCTION: So far in 2013, construction activity has improved compared to 2012, but activity still remains below the peak level reached before the 2007-2009 national recession. Total housing units authorized by residential building permits year-to-date through August 2013 were higher by 1,138 units and the value of permits was \$79.27 million higher than the same time period a year earlier.

Although the residential and commercial construction market was impacted by tight credit availability and higher supply during the recession, interest rates continue to be attractive and house prices are more affordable. Due to an improving labor market and improving credit markets, the Council believes construction activity will continue to increase as long as the economy continues to create jobs in 2014 and 2015.

SOUTH DAKOTA FORECAST HIGHLIGHTS

IHS Global Insight's forecast of the national and state 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.

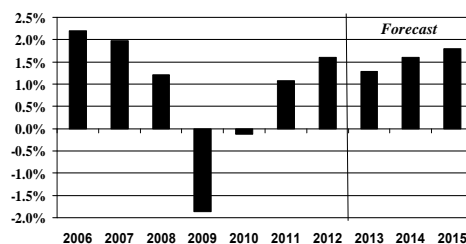
The South Dakota economy has been in a recovery phase for nearly four years as increases in employment, income, and overall spending have been rebounding since early 2010. However, the pace of the recovery has been mixed, with employment growth being sluggish but income growth being stronger. Strength in the agriculture sector has supported income growth directly and indirectly as record farm income in recent years helped boost South Dakota's economy in a sluggish national and global economy. Overall, South Dakota's economy is expected to continue to grow at a moderate pace in 2014 and into 2015.

EMPLOYMENT: South Dakota has several advantages over other states which account for its ability to grow 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. These

competitive advantages are expected to continue to enhance employment growth in the future.

Between 1990 and 2000, nonfarm employment in South Dakota grew at an average annual rate of 2.7%, which was significantly higher than the national average annual growth rate of 1.9% over the 10-year period. The majority of additional jobs in South Dakota during this period occurred in the manufacturing, construction, and service sectors. During and after the 2001 national recession, South Dakota nonfarm employment growth slowed to 0.2% in 2001, declined 0.3% in 2002, and then rose 0.2% in 2003. Over the next four years, employment growth accelerated to 1.4% in 2004, 1.7% in 2005, 2.2% in 2006, and 2.0% in 2007. In 2008, when the U.S. economy was officially in a recession, South Dakota still obtained a 1.2% growth in employment. However, in 2009 and 2010, employment declined 1.9% and 0.1%, respectively, as the national recession caused major job losses in manufacturing, construction, professional and business services, and financial services. In 2011 and 2012, employment grew 0.7%, the first annual gain since the national recession. In 2012, employment grew 1.6% and surpassed the previous peak level reached in 2008. For 2013, the employment levels are expected to grow 1.3% compared to 2012 on an annual basis. In 2014 and 2015, nonfarm employment growth is projected to accelerate, growing 1.6% and 1.8%, respectively. In 2013, on an annual basis, the sectors projected to post gains are manufacturing, professional and business services, wholesale and retail trade, health and education services, financial activities, leisure and hospitality, and government. The only sector to realize an employment loss is the logging, mining, and construction sector. In 2014 and 2015, annual employment increases are projected across all major sectors.

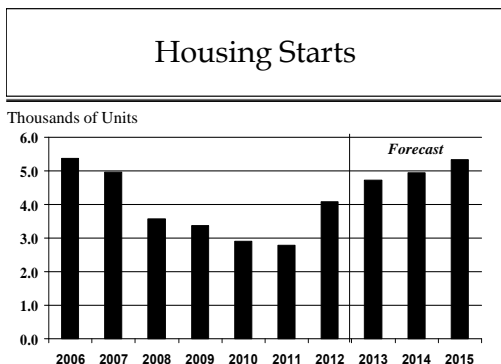
Growth in Nonfarm Employment



HOUSING: Favorable interest rates and changing demographics in the state contributed to a strong housing sector from 1998 through 2005 with the number of housing starts in South Dakota increasing each year. Then, from 2005 through 2011, the

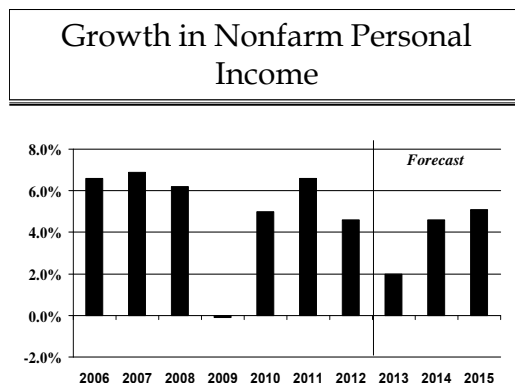
number of housing starts in South Dakota declined each year due to high inventories and reduced housing demand from the recession. In 2012, the housing market recovered, showing the first annual gain since 2005. Thus far in 2013, the housing market continues to improve as evidenced by increases in the number and value of building permits.

The housing market is expected to continue to improve in 2014 and 2015 as the economy continues to create jobs. Mortgage rates still remain attractive as the Federal Reserve continues to maintain a low interest rate policy. As job growth rises in 2014 and 2015, housing starts are expected to improve and will approach the levels realized in the early part of this decade. Housing starts were 4,070 in 2012 and are projected to be 4,720 in 2013, 4,950 in 2014, and 5,350 in 2015.



INCOME: Between 1990 and 2000, the average annual growth rate in nonfarm personal income in South Dakota grew at an average rate of 5.9%, which was the same as the US growth rate over the same time period. However, after the 2001 recession, income growth slowed both in South Dakota and in the US. Nonfarm personal income in South Dakota grew 9.5% in 2001, 4.1% in 2002, and 4.6% in 2003. From 2004 through 2008, nonfarm income growth rebounded with growth averaging 5.8% per year. The higher growth rates in those years were due to strong employment increases and a growing economy. However, in 2009, the national economic recession caused nonfarm personal income to decline 0.1%. This was the first annual decrease in nonfarm personal income in South Dakota since 1937. In 2010, 2011, and 2012, nonfarm personal income increased by 5.0%, 6.6%, and 4.6%, respectively, as the economy recovered from the economic recession. In 2013, nonfarm income growth is forecasted to increase by 2.0%, which is lower primarily due to the increase in the employee's share of the payroll tax. In 2014 and 2015, the forecast for growth is to improve to 4.6% and 5.1%, respectively, reflecting continued

moderate growth along with low inflation expectations.



RISKS TO THE FORECAST

The Council of Economic Advisors sees some key risks to the current forecast. The primary risk to South Dakota's economy would be the national or global economy sliding back into a recession during 2014. The national economy is growing, but uncertainty exists regarding fiscal policy at the federal level. Other negative risks include possible financial market shocks or oil price shocks from the European debt-crisis or conflicts from abroad. Ongoing risks present in the agriculture economy include weather conditions and concern of declining Agriculture real estate values.

If any of the negative risks were to occur, employment levels and income could experience declines in the short term, leading to lower consumer spending and slower economic growth in the short term.

A possible positive risk is the minimal chance that federal policymakers can agree to a credible medium and long term debt reduction plan. If policymakers are able to enact a credible plan to put the federal budget and debt levels on a sustainable path, this could lead to increased investment by businesses and individuals. This would lead to stronger economic growth for South Dakota as well as the United States over the forecast period.

REVENUE ESTIMATES

SUMMARY

General fund receipts for FY2014 are forecasted at \$1,476.4 million. Ongoing receipts comprise \$1,353.7 million of the total, and one-time revenues comprise \$122.7 million of the total, which includes \$25.2 million of obligated cash carried forward from FY2013. The ongoing estimate for FY2014 includes an increase of \$95.5 million from actual FY2013 ongoing receipts. Categories forecasted to show major increases in FY2014 include ongoing unclaimed property receipts (+\$53.5M), the sales and use tax (+\$34.0M), contractor's excise tax (+\$5.1M), the insurance company tax (+\$3.7M), licenses, permits and fees (+\$1.1M), and transfers from trust funds (+\$1.1M). Major forecasted decreases are from investment income and interest (-\$1.6M) and severance taxes (-\$1.1M).

The revised ongoing estimate for FY2014 is \$33.2 million more than the ongoing estimate adopted during the 2013 legislative session. Major positive adjustments for the revised FY2014 estimate are for the ongoing unclaimed property receipts (+\$38.3M), the sales and use tax (+\$4.6M), the insurance company tax (+\$1.8M), and the contractor's excise tax (+\$1.1M). The most significant negative revisions are for the bank franchise tax (-\$6.3M), severance taxes (-\$3.4M), and property tax reduction fund (PTRF) receipts (-\$2.9M).

General fund receipts for FY2015 are projected to be \$1,393.7 million all of which are ongoing revenues. There are no one-time receipts forecasted at this time. The forecast for ongoing receipts in FY2015 is an increase of \$40.0 million from the revised FY2014 projection. The most significant sources of growth are the sales and use tax (+\$25.1M), the contractor's excise tax (+\$5.3M), the insurance company tax (+\$3.5M), trust fund transfers (+\$2.1M), PTRF receipts (+\$2.1M), and licenses, permits, and fees (+\$1.2M). There are not any major decreases in individual ongoing revenue sources forecasted between the revised FY2014 estimate and the FY2015 forecast.

CURRENT REVENUE FORECAST (Dollars in Millions)

	<u>FY2014</u>	<u>FY2015</u>
Sales and Use Tax	810.1	835.2
Contractor's Excise Tax	89.5	94.8
Bank Franchise Tax	17.0	17.5
Insurance Company Tax	74.0	77.5
Unclaimed Property	67.5	67.5
Property Tax Reduction Fund	108.1	110.2
Other Ongoing Revenues	187.5	191.0
One-Time Receipts	97.5	0.0
Obligated Cash Carried Forward	<u>25.2</u>	<u>0.0</u>
Total Revenue	<u>1,476.4</u>	<u>1,393.7</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 60% of ongoing general fund revenue. Between FY1980 and FY2013, the sales and use tax grew from \$140.6 million to \$776.1 million, which was an average annual increase of 5.3%. 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 impacting 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 throughout much of the state. In FY2008, growth in the sales and use tax was above average (6.9%) due to increased employment and a strong farm economy. In FY2009 and FY2010, growth was below average (2.3% and -1.2%) due to a severe national recession causing declines in employment. In FY2011, growth was robust (8.9%) due to a strong agriculture sector combined with a recovering economy. In FY2012 and FY2013, growth was slightly below average (4.8% and 4.3%), reflecting low inflation and a slow economic recovery.

Net collections from the sales and use tax in FY2013 were \$776.1 million, which was an increase of \$31.7 million, or 4.3%, compared to FY2012. Through the first four months of FY2014, sales and use tax collections (excluding audits) to the general fund were \$285.1 million, which is an increase of 6.1% from the first four months of FY2013. For the revised FY2014 estimate, the sales and use tax is forecasted at \$810.1 million, which is an increase of \$34.0 million, or 4.4%, compared to FY2013. For FY2015, the sales and use tax is forecasted at \$835.2 million, which is an increase of \$25.1 million, or 3.1%, over the revised FY2014 estimate.

CONTRACTOR'S EXCISE TAX

Collections from the contractor's excise tax account for approximately 7% of ongoing general fund revenues. Construction activity has a direct impact on the growth in the contractor's excise tax collections. Expansion in this activity contributed to the increase in contractor's excise tax collections from \$16.2 million in FY1988 to \$84.5 million in FY2013. In FY2013, net collections to the general fund from the contractor's excise tax grew just \$1.5 million, or 1.8%, from FY2012. Through the four months of FY2013, net contractor's excise tax collections were \$36.6 million, an increase of 7.8% compared to the first four months of FY2013. The increase in FY2014 is primarily due to robust increases in construction activity. Contractor's excise tax collections for FY2014 are forecasted to be \$89.5 million, which is an increase of \$5.1 million, or 6.0%, over FY2013 collections. FY2015 collections are forecasted at \$94.8 million, which is an increase of \$5.3 million, or 5.9%, compared to the revised FY2014 estimate.

BANK FRANCHISE TAX

Collections from the bank franchise tax historically account for approximately 2% of ongoing general fund revenues, but is expected to decrease to 1% in the future. The bank franchise tax is one of the general fund revenue sources impacted more by the national economy than by the South Dakota economy. Historically, 80% of the bank franchise tax collections deposited in the general fund have been generated by bank card institutions. During the late 1980's, collections grew as the national economy experienced strong growth and the use 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 grew. At the beginning of this decade, collections decreased due to the 2001 national recession. However, from FY2003 to FY2007, collections experienced solid growth as the economy recovered from the 2001 economic recession. From FY2008 through FY2013 collections were volatile and lower than historical levels due to a severe recession and changes in financial regulations.

Collections from the bank franchise tax were \$17.5 million in FY2013, which was a decrease of \$12.2 million from FY2012. Through the first four months of FY2014, ongoing bank franchise tax collections were \$5.6 million, which was a decrease of \$3.0

million compared to the same time period last year. In FY2014, collections from the bank franchise tax are expected to be lower than historical levels as the amount of income that is allocated to South Dakota and subject to the tax is expected to be lower, particularly in the credit card sector. FY2014 ongoing collections are projected to be \$17.0 million, which is a decrease of \$0.5 million, or 3.1%, compared to FY2013 collections. Ongoing collections are expected to be \$17.5 million in FY2015, which is an increase of \$0.5 million, or 3.0%, compared to the revised FY2014 estimate.

INSURANCE COMPANY TAX

Collections from the insurance company tax account for approximately 5% of ongoing general fund revenues. From FY1985 to FY2013, insurance company tax collections grew from \$17.2 million to \$70.3 million, which was an average annual increase of 5.1%. In FY2013, insurance company tax collections were \$70.3 million, which was an increase of \$5.2 million, or 8.0%, compared to FY2012 collections. During the first four months of FY2014, insurance company tax collections were \$30.6 million, which is an increase of 9.6% over the same period in FY2013. For FY2014, insurance company tax collections are forecasted at \$74.0 million, which is an increase of \$3.7 million, or 5.3%, over FY2013 collections. For FY2015, insurance company tax collections are forecasted to be \$77.5 million, which is an increase of \$3.5 million, or 4.7%, over the revised FY2014 estimate.

UNCLAIMED PROPERTY

Historically, collections from unclaimed property have been relatively small, but are expected to grow to 5% of ongoing general fund revenues in FY2014 and FY2015. Unclaimed property has been remitted to the state since the 1980's. Recently, collections to the general fund ranged from \$0.4 million in FY1997 to \$8.0 million in FY2010. In FY2011 through FY2013, ongoing collections increased to \$12.9 million, \$13.9 million, and \$13.9 million, respectively, due to mergers within the banking industry. Continued consolidation combined with the migration of home office locations to South Dakota has led to increases in ongoing collections in FY2014. Through early November of FY2014, total unclaimed property collections were \$120.0 million, of which \$67.5 million is expected to be ongoing revenue, with the remaining considered one-time receipts. For FY2014, ongoing unclaimed property collections are forecasted at \$67.5 million, which is an increase of \$53.5 million, or 385%, compared to

FY2013. For FY2015, ongoing unclaimed property collections are forecasted to be \$67.5 million, equal to the FY2014 revised 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. The transfers to the general fund from the PTRF historically accounted for approximately 10% of ongoing general fund revenue. In 1996, the Legislature directed receipts from video lottery to 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 the money in the PTRF be transferred to the state general fund for property tax relief. Additional approved legislation stated 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 addition, the PTRF receives a 33% share of the revenues in excess of \$35 million each fiscal year from the cigarette tax and other tobacco product tax. 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 totaled \$107.3 million in FY2013, which was a 4.7% increase from FY2012. The increase in receipts in FY2013 was due to new video lottery machines offering line games in response to the statewide smoking ban. However, total revenue from the PTRF continues to be lower than the peak level of \$126.6 million, which was reached in FY2008. In FY2011 and FY2012, video lottery receipts were sharply lower than historical collections as a result of the statewide public smoking ban passed in November of 2010. Video lottery receipts declined approximately 18% for the first full year of the expanded public smoking ban which spanned both fiscal years. In FY2014 and FY2015, ongoing receipts of \$108.1 million and \$110.2 million, respectively, are expected to be transferred from the PTRF to the general fund. Included in these estimates are \$7.0 million and \$7.3 million, respectively, from the telecommunications tax as well as \$7.9 million and \$7.7 million, respectively, from the 33% share of the excess

tobacco tax. Video lottery receipts to the PTRF in FY2014 and FY2015 are projected to be \$93.1 million and \$94.9 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; transfers from the Dakota Cement, Education Enhancement, and Health Care Trust Funds; severance taxes; lottery; the sale-leaseback; and the Conservation Reserve Program. For FY2014, collections from other ongoing revenues are projected to be \$187.5 million, which is approximately 14% of total ongoing general fund revenues. This is a decrease of \$0.9 million compared to FY2013.

In FY2015, collections from other ongoing revenues are expected to increase compared to FY2014, mainly due to increases in transfers from the trust funds. In FY2015, transfers are anticipated to be available from all three trust funds and are anticipated to be higher due to favorable market conditions over the past two years. For FY2015, collections from other ongoing revenue are projected at \$191.0 million, which is approximately 14% of total ongoing general fund revenues. This is \$3.5 million higher than the revised FY2014 estimate.

ONE-TIME RECEIPTS

In FY2014, collections from one-time receipts are projected to be \$97.5 million. This includes \$54.5 million of one-time unclaimed property receipts due to the change from a five to a three year dormancy period, a \$19.4 million transfer from the large project refund liability account, a \$19.6 million transfer from PTRF Reserves, and \$4.0 million from an unexpended carryover. In FY2015, there are no one-time receipts projected at this time.

OBLIGATED CASH CARRIED FORWARD

This is the amount of prior year cash carried forward to meet obligations existing at the end of the previous year. For FY2014, the total amount of obligated cash carried forward was \$25.2 million. This includes \$1.0 million of cash from the FY2013 budget which was committed for FY2014 expenses along with \$24.2 million which was obligated to the Budget Reserve Fund from the end of FY2013.

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 which 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 a 2/3 vote by the South Dakota Legislature. HB 1269, passed by the 2012 Legislature, transferred \$20.2 million from the Budget Reserve Fund to the general fund in FY2012 to pay for emergency expenses. In addition, at the end of FY2012 and FY2013, \$47.8 million and \$24.2 million of unobligated general fund cash was obligated to the Budget Reserve Fund and transferred into the reserve at the beginning of FY2013 and FY2014. The ending cash balance for FY2014 does not assume that surplus funds will be available. If there is a surplus in FY2014, the ending balance in the Budget Reserve Fund will be adjusted accordingly.

BUDGET RESERVE FUND CONDITION STATEMENT

	ACTUAL FY2012	ACTUAL FY2013	ESTIMATED FY2014	ESTIMATED FY2015
Beginning Balance	\$ 43,398,446	\$ 23,243,431	\$ 71,093,284	\$ 95,325,807
Calculations for Maximum Balance in the Fund:				
General Bill Appropriation for Prior Year	\$1,145,662,738	\$1,155,867,146	\$1,232,361,618	\$1,318,425,154
Budget Reserve Fund Percentage	10%	10%	10%	10%
Maximum Amount in the Fund	<u>\$ 114,566,274</u>	<u>\$ 115,586,715</u>	<u>\$ 123,236,162</u>	<u>\$ 131,842,515</u>
Maximum Transferable Amount	<u>\$ 71,167,828</u>	<u>\$ 92,343,284</u>	<u>\$ 52,142,878</u>	<u>\$ 36,516,708</u>
Amount of General Funds Available				
End of Prior Year	\$ 0	\$ 47,849,854	\$ 24,232,522	\$ 0
Transferred in from General Fund	<u>\$ 0</u>	<u>\$ 47,849,854</u>	<u>\$ 24,232,522</u>	<u>\$ 0</u>
Transferred out to General Fund	<u>\$ (20,155,015)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance	<u>\$ 23,243,431</u>	<u>\$ 71,093,284</u>	<u>\$ 95,325,807</u>	<u>\$ 95,325,807</u>

NOTE: The totals may not add due to rounding.

**COMPARISON BETWEEN LEGISLATIVE ADOPTED AND
REVISED ESTIMATE FOR FY2014**

	LEG. ADOPTED FY2014	REVISED FY2014	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 805,448,402	\$ 810,063,958	\$ 4,615,556	0.57
Contractor's Excise Tax	88,394,863	89,532,268	1,137,405	1.29
Alcohol Beverage Tax	10,354,211	10,710,395	356,184	3.44
Alcohol Beverage 2% Wholesale Tax	1,629,394	1,734,669	105,275	6.46
Cigarette Tax	30,000,000	30,000,000	0	0.00
Bank Franchise Tax	23,245,655	16,986,127	(6,259,528)	(26.93)
Insurance Company Tax	72,225,975	73,988,534	1,762,559	2.44
Licenses, Permits, and Fees	50,075,673	49,924,344	(151,329)	(0.30)
Investment Income and Interest	5,000,000	4,813,687	(186,313)	(3.73)
Charges for Goods and Services	10,893,370	10,873,747	(19,623)	(0.18)
Unclaimed Property Receipts	29,122,500	67,455,802	38,333,302	131.63
Net Transfers In	31,170,381	30,735,776	(434,605)	(1.39)
Trust Funds	28,273,108	28,375,768	102,660	0.36
Severance Taxes	10,003,872	6,613,045	(3,390,827)	(33.90)
Lottery	7,920,000	8,015,000	95,000	1.20
Property Tax Reduction Fund	110,962,710	108,053,338	(2,909,372)	(2.62)
Sale-Leaseback	5,838,681	5,838,681	0	0.00
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,320,558,795	\$ 1,353,715,139	\$ 33,156,344	2.51
ONE-TIME RECEIPTS				
One-time Unclaimed Property Receipts	\$ 24,245,000	\$ 54,455,803	\$ 30,210,803	124.61
Transfer from Large Project Liability Account	0	19,424,586	19,424,586	100.00
Reduction to Ongoing Bank Franchise Tax	(16,641,948)	0	16,641,948	(100.00)
Transfer from Property Tax Reserves	0	19,626,221	19,626,221	100.00
Unexpended Carryovers and Specials	0	4,000,000	4,000,000	100.00
Obligated Cash Carried Forward	983,649	25,216,171	24,232,522	2,463.53
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 8,586,701	\$ 122,722,781	\$ 114,136,080	1,329.22
GRAND TOTAL	\$ 1,329,145,496	\$ 1,476,437,920	\$ 147,292,424	11.08

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN FY2013 AND REVISED FY2014 REVENUE COLLECTIONS

	ACTUAL FY2013	REVISED FY2014	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 776,095,539	\$ 810,063,958	\$ 33,968,419	4.38
Contractor's Excise Tax	84,466,868	89,532,268	5,065,400	6.00
Alcohol Beverage Tax	10,456,399	10,710,395	253,996	2.43
Alcohol Beverage 2% Wholesale Tax	1,647,547	1,734,669	87,122	5.29
Cigarette Tax	30,000,000	30,000,000	0	0.00
Bank Franchise Tax	17,537,046	16,986,127	(550,919)	(3.14)
Insurance Company Tax	70,291,028	73,988,534	3,697,506	5.26
Licenses, Permits, and Fees	48,775,456	49,924,344	1,148,888	2.36
Investment Income and Interest	6,459,192	4,813,687	(1,645,505)	(25.48)
Charges for Goods and Services	11,144,224	10,873,747	(270,477)	(2.43)
Unclaimed Property Receipts	13,912,329	67,455,802	53,543,473	384.86
Net Transfers In	31,003,732	30,735,776	(267,956)	(0.86)
Trust Funds	27,235,040	28,375,768	1,140,728	4.19
Severance Taxes	7,690,588	6,613,045	(1,077,543)	(14.01)
Lottery	7,735,976	8,015,000	279,024	3.61
Property Tax Reduction Fund	107,261,166	108,053,338	792,172	0.74
Sale-Leaseback	6,465,087	5,838,681	(626,406)	(9.69)
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,258,177,217	\$ 1,353,715,139	\$ 95,537,922	7.59
ONE-TIME RECEIPTS				
One-time Unclaimed Property Receipts	\$ 17,397,006	\$ 54,455,803	\$ 37,058,797	213.02
Transfer from Tax Relief Fund	4,133,192	0	(4,133,192)	(100.00)
Miscellaneous Settlements	2,366,100	0	(2,366,100)	(100.00)
Transfer from Budgetary Accounting Fund	1,839,990	0	(1,839,990)	(100.00)
Refinancing Gains	1,738,786	0	(1,738,786)	(100.00)
Transfer from Tobacco Prev. and Red. Trust Fund	1,000,000	0	(1,000,000)	(100.00)
One-time Bank Franchise Tax	1,153,334	0	(1,153,334)	(100.00)
Transfer from Large Project Liability Account	0	19,424,586	19,424,586	100.00
Transfer from Property Tax Reserves	0	19,626,221	19,626,221	100.00
Unexpended Carryovers and Specials	303,580	4,000,000	3,696,420	1,217.61
Obligated Cash Carried Forward	75,655,964	25,216,171	(50,439,793)	(66.67)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 105,587,953	\$ 122,722,781	\$ 17,134,828	16.23
GRAND TOTAL	\$ 1,363,765,170	\$ 1,476,437,920	\$ 112,672,750	8.26

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN REVISED FY2014 AND FY2015 REVENUE COLLECTIONS

	REVISED FY2014	PROJECTED FY2015	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 810,063,958	\$ 835,211,364	\$ 25,147,406	3.10
Contractor's Excise Tax	89,532,268	94,819,513	5,287,245	5.91
Alcohol Beverage Tax	10,710,395	10,974,543	264,148	2.47
Alcohol Beverage 2% Wholesale Tax	1,734,669	1,838,030	103,361	5.96
Cigarette Tax	30,000,000	30,000,000	0	0.00
Bank Franchise Tax	16,986,127	17,492,588	506,461	2.98
Insurance Company Tax	73,988,534	77,463,340	3,474,806	4.70
Licenses, Permits, and Fees	49,924,344	51,108,811	1,184,467	2.37
Investment Income and Interest	4,813,687	4,808,780	(4,907)	(0.10)
Charges for Goods and Services	10,873,747	10,867,028	(6,719)	(0.06)
Unclaimed Property Receipts	67,455,802	67,455,802	0	0.00
Net Transfers In	30,735,776	31,319,476	583,700	1.90
Trust Funds	28,375,768	30,513,526	2,137,758	7.53
Severance Taxes	6,613,045	6,111,125	(501,920)	(7.59)
Lottery	8,015,000	8,335,000	320,000	3.99
Property Tax Reduction Fund	108,053,338	110,176,855	2,123,517	1.97
Sale-Leaseback	5,838,681	5,236,813	(601,868)	(10.31)
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,353,715,139	\$ 1,393,732,594	\$ 40,017,455	2.96
ONE-TIME RECEIPTS				
One-time Unclaimed Property Receipts	\$ 54,455,803	\$ 0	(54,455,803)	(100.00)
Transfer from Large Project Liability Account	19,424,586	0	(19,424,586)	(100.00)
Transfer from Property Tax Reserves	19,626,221	0	(19,626,221)	(100.00)
Unexpended Carryovers and Specials	4,000,000	0	(4,000,000)	(100.00)
Obligated Cash Carried Forward	25,216,171	0	(25,216,171)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 122,722,781	\$ 0	\$ (122,722,781)	(100.00)
GRAND TOTAL	\$ 1,476,437,920	\$ 1,393,732,594	\$ (82,705,326)	(5.60)

NOTE: The totals may not add due to rounding.

GENERAL FUND RECEIPTS

	ACTUAL FY2012	ACTUAL FY2013	REVISED FY2014	PROJECTED FY2015
ONGOING RECEIPTS				
Sales and Use Tax	\$ 744,413,638	\$ 776,095,539	\$ 810,063,958	\$ 835,211,364
Contractor's Excise Tax	82,991,355	84,466,868	89,532,268	94,819,513
Alcohol Beverage Tax	10,186,442	10,456,399	10,710,395	10,974,543
Alcohol Beverage 2% Wholesale Tax	1,490,640	1,647,547	1,734,669	1,838,030
Cigarette Tax	30,000,000	30,000,000	30,000,000	30,000,000
Bank Franchise Tax	29,688,991	17,537,046	16,986,127	17,492,588
Insurance Company Tax	65,076,133	70,291,028	73,988,534	77,463,340
Licenses, Permits, and Fees	48,402,362	48,775,456	49,924,344	51,108,811
Investment Income and Interest	10,394,581	6,459,192	4,813,687	4,808,780
Charges for Goods and Services	10,203,592	11,144,224	10,873,747	10,867,028
Unclaimed Property Receipts	13,865,906	13,912,329	67,455,802	67,455,802
Net Transfers In	31,015,337	31,003,732	30,735,776	31,319,476
Trust Funds	30,345,686	27,235,040	28,375,768	30,513,526
Severance Taxes	10,441,940	7,690,588	6,613,045	6,111,125
Lottery	7,834,332	7,735,976	8,015,000	8,335,000
Property Tax Reduction Fund	102,441,742	107,261,166	108,053,338	110,176,855
Sale-Leaseback	7,111,219	6,465,087	5,838,681	5,236,813
SUBTOTAL (ONGOING RECEIPTS)	\$1,235,903,897	\$1,258,177,217	\$1,353,715,139	\$1,393,732,594
ONE-TIME RECEIPTS				
One-time Unclaimed Property Receipts	\$ 0	\$ 17,397,006	\$ 54,455,803	\$ 0
Transfer from Large Project Liability Account	0	0	19,424,586	0
Transfer from Tax Relief Fund	0	4,133,192	0	0
Miscellaneous Settlements	418,500	2,366,100	0	0
Transfer from Budgetary Accounting Fund	0	1,839,990	0	0
Refinancing Gains	396,295	1,738,786	0	0
Transfer from Tobacco Prev. and Red. Trust Fund	1,000,000	1,000,000	0	0
One-time Bank Franchise Tax	14,336,418	1,153,334	0	0
CREP Savings	400,000	0	0	0
Unexpended Carryovers and Specials	9,775,378	303,580	4,000,000	0
Transfer from Property Tax Reserves	0	0	19,626,221	0
Transfer from Budget Reserve Fund	20,155,015	0	0	0
Obligated Cash Carried Forward	0	75,655,964	25,216,171	0
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 46,481,606	\$ 105,587,953	\$ 122,722,781	\$ 0
GRAND TOTAL	\$1,282,385,503	\$1,363,765,170	\$1,476,437,920	\$1,393,732,594

NOTE: The totals may not add due to rounding.

TAX EXPENDITURES

Sales and Use Tax Exemptions

**Annual Est. General
Fund Revenue Loss**

Agriculture Group

10-45-18, 10-45-18.2, 10-46-16, 10-46-16.2 Livestock, live poultry, ostriches, emus or rheas, if such sales are part of a series of transactions incident to producing a finished product intended to be offered for an ultimate retail sale. Also includes live cattle, buffalo, sheep, goats, swine, poultry and horses.	\$120,990,000
10-45-16 Commercial fertilizer, either liquid or solid, when sold in quantities of five hundred pounds or more in a single sale to be used exclusively for agricultural purposes.	\$29,596,000
10-45-15 Seed legumes, seed grasses, and seed grains sold in quantities of 25 pounds or more in a single sale to be used exclusively for agricultural purposes.	\$22,812,000
10-45-18.3 Feed for cattle, buffalo, sheep, goats, swine, poultry, ostriches, emus, rheas and domesticated furbearing animals defined in chapter 40-35, if such feed is used by farmers or ranchers who are regularly engaged in the business of raising and feeding such animals, or producing milk for sale for human consumption, and horses and other animals with the family equidae. Poultry does not include any fowl other than domestic fowl kept and raised for the market or the production of eggs for human consumption.	\$20,416,000
10-45-19, 10-46-17 Motor fuel, including kerosene, tractor fuel, liquefied petroleum gas, natural and artificial gas, diesel fuels and distillate, when used for agricultural purposes. Agricultural purposes includes hay grinding but does not include the lighting or heating of any farm residence.	\$17,188,000
10-45-16.1, 10-46-17.5 Pesticides (including insecticides, herbicides, pesticides, rodenticides, and fumigants) and products or substances used in conjunction with application of the pesticides used exclusively for agricultural purposes. (Sales tax applies to endoparasiticides and ectoparasiticides)	\$15,272,000
10-45-3.4 (1)Parts or repairs on machinery or equipment which are clearly identifiable as used primarily for agricultural purposes, including irrigation equipment, if the part replaces a farm machinery or irrigation equipment part assigned a specific or generic part number by the manufacturer of the farm machinery or irrigation equipment; and (2) Maintenance items and maintenance services used on machinery or equipment which are clearly identifiable as used primarily for agricultural purposes, including irrigation equipment.	\$13,200,000
10-45-12.1 Farm Product Warehousing & Storage	\$6,312,000
10-45-12.1 Agricultural Services, except : Veterinary Services and Animal Specialty Services, except Veterinary.	\$4,512,000
10-45-12.1 Forestry Services	\$250,000
10-45-93 Sale of agricultural and industrial production equipment in international commerce where physical delivery of the goods takes place in South Dakota if the property is to be shipped to a point outside the United States not to be returned to a point within the United States. (also 10-46E)	\$250,000
10-45-18.6, 10-46-16.6 The sale of swine or cattle semen used for agricultural purposes.	\$150,000
10-45-16.2, 10-45-16.3 Rental of devices primarily used to apply fertilizers, pesticides, herbicides, and insecticides for agricultural purposes if sales or use tax was paid on the original purchase of the device.	\$20,000
10-45-18.4, 10-46-16.4 Live nondomestic animal regulated by the animal industry board pursuant to 40-3-26 if the animal is to be used by a farmer or rancher who is regularly engaged in the breeding and raising of such animals.	\$20,000
10-45-19.1, 10-46-17.2 Electricity used to power irrigation pumps and horsepower charge on electric motors powering irrigation pumps when the purchase is exclusively for agricultural purposes.	\$20,000
10-45-18.5, 10-46-16.5 Feed for nondomestic animals exempted in 10-45-18.4	\$5,000

TAX EXPENDITURES

Sales and Use Tax Exemptions

**Annual Est. General
Fund Revenue Loss**

Healthcare Group

10-45-12.1 Health Services; 10-45-14, 10-45-15 Purchases by nonprofit hospitals; 10-45-14.10 Drugs to the extent used by humans that are prescribed, dispensed, or administered by a physician, chiropractor, optometrist, dentist, podiatrist, or audiologist; 10-45-14.9 Insulin that is not sold by prescription; 10-45-14.11 Durable medical equipment, mobility enhancing equipment, and prosthetic devices used by humans when prescribed by prescription, dispensed, or administered for a specific patient by a physician, chiropractor, optometrist, dentist or podiatrist; 10-45-14.12 Medical devices used by humans when prescribed by prescription, dispensed, or administered for a specific patient by a physician, chiropractor, optometrist, dentist or podiatrist; 10-45-14.6 Hospital meals paid for by a public entity.	\$120,000,000
---	---------------

Government

10-45-10 Purchases by the Federal Government, State Government, Public or Municipal Corporations, and Indian tribes. Estimate includes purchases by Educational Institutions and 10-45-14 purchases by Religious or Private Educational Institutions.	\$100,000,000
---	---------------

Business Group

10-45-7 Lodging or campsites provided to any person for 28 or more consecutive days. Occasional rental of sleeping accommodations or camp sites, which is 10 or less days/year.	\$48,000,000
10-45-11.1, 10-46-17.3 Goods and services furnished to meet warranty obligation.	\$8,000,000
10-45-20.6, 10-46-9.6 Replacement parts sold to retailers that will be installed in tangible personal property that will ultimately be for resale.	\$7,500,000
10-45-12.1 Exempts advertising services, which is the preparing and placement of ads. Exempts charges by media for placement of an ad in that media.	\$7,000,000
10-45-68, 10-46-56 Sale of credit card processing services to retailers.	\$3,000,000
10-45-12.1 Water Supply	\$2,600,000
10-45-9.1 Personal Property sold for lease.	\$2,000,000
10-45-13.1 Membership fees to membership organizations and services provided by membership organizations.	\$2,000,000
10-45-5.2 Sanitary services except for the collection and disposal of solid waste which is specifically listed as subject to sales tax.	\$2,000,000
10-45-20.1 Payments made by one member of a controlled group to another member of a controlled group which represent an allocation, reimbursement, or charge for services provided by or rendered by the members of the controlled group. The exemption provided in this section does not apply to the lease of tangible personal property unless the sales or use tax has been paid on the property by the lessor. (estimate also includes 10-45-20.2)	\$1,000,000
10-45-29.1 Allows deduction from gross receipts charges to clients for tangible personal property or services purchased by the attorney or accountant on behalf of a client, provided the purchase was not a resale purchase.	\$750,000
10-45-12.5, 10-46-9.5 Fees or commissions received for rendering a service which provides for the sale of tangible personal property or services. 10-45-84, 10-45-90 Fees or commissions received by a retailer for arranging a loan for a customer to pay for property sold by that retailer.	\$500,000
10-45-12.1 Motion picture rentals to a commercially operated theater primarily engaged in the exhibition of motion pictures.	\$500,000
10-45-5.2 Research, development, and testing services (SIC 8733)	\$500,000
10-45-7.1, 10-46-68 Membership fees paid to a lodging house or hotel membership organization operated for the benefit of its members.	\$250,000
10-45-96 Deduction allowed for actual disbursements, including appropriate reserves, for the wages, salaries, payroll taxes, payroll deductions, workers' compensation costs, insurance premiums, welfare benefits, retirement benefits, and other employee benefits of its co-employees.	\$250,000
10-45-5.2 Radio & Television Broadcasting	\$250,000
10-45-5 Leases of tangible personal property between one telephone company and another telephone company.	\$250,000

TAX EXPENDITURES

Sales and Use Tax Exemptions

Annual Est. General Fund Revenue Loss

10-45-1.6 Exempts gross receipts received by a retailer from a manufacturer, wholesaler, or distributor pursuant to a written contract that requires the retailer to display the manufacturer, wholesaler, or distributor's product or signage in a specified manner or location. Discounts or deferred payment received by a retailer from a distributor, wholesaler, or manufacturer for purchasing a product for sale at retail does not constitute gross receipts subject to tax.	\$200,000
10-45-5.2 Goods or services with money advanced as an accommodation are retail purchases and are not included in gross receipts for funeral services and fees paid or donated for religious ceremonies are not included in gross receipts for funeral services.	\$200,000
10-45-5.5, 10-46-2.5 Chemicals purchased for use by Lawn & Garden Services.	\$150,000
10-45-92 Deduction allowed from auctions gross receipts for expenses for tangible personal property or services purchased by the auctioneer for that client, provided the purchase was not a resale purchase.	\$100,000
10-45-14.2, 10-46-9.1 Ink and newsprint used to produce shoppers' guides.	\$100,000
10-45-94 Postage by a mailing service provided the cost of postage is itemized on the customer's bill and the cost of the postage is no greater than the cost of the postage to the mailing service.	\$50,000
10-45-12.4 Services provided to a rural water system by a wholly owned cooperative or nonprofit corporation.	\$50,000
10-45-110 Exempts coins, currency, or bullion.	\$32,000
10-45-12.7 Any person officiating an amateur sporting event. However, this exemption does not apply to any person officiating any sporting event sponsored and operated by any elementary, secondary, or postsecondary school.	\$25,000
10-45-90, 10-46-63 Services performed for rodeos by promoters, stock contractors, stock handlers, announcers, judges, and clowns.	\$25,000
10-45-18.1, 10-46-16.1 Live gamebirds sold by the producer to nonprofit organizations which release such birds or to commercial hunting operators who charge fees to hunt such birds.	\$5,000
10-45-12.1 Consumer Credit Reporting Agencies and Mercantile Reporting Agencies.	\$5,000

Educational Services

10-45-12.1 Educational Services - Exempt schools: Continuing education programs, tutoring, and vocational counseling not including Rehabilitation counseling (See Social Services exemption for Rehabilitation counseling).	\$20,000,000
---	--------------

Financial Group

10-45-12.1 Commissions earned or service fees paid by an insurance company to an agent or representative for the sale of a policy. 10-44-8 Insurance companies are exempt from all other taxes, except sales or use tax on tangible personal property and taxes on real property. Insurance companies do not owe use tax on the purchase of services, if the service provider does not collect the applicable sales tax.	\$7,700,000
10-45-20.5, 10-46-2.1 Services by a related corporation to a financial institution or services by a financial institution to a related corporation if they are part of a controlled group of corporations.	\$1,000,000
10-45-12.1 Commodity Contracts Brokers & Dealers; 10-45-12.1 Brokers, Dealers, and Flotation Companies; 10-46-9.2 Brokers licensed under Title 47; 10-45-12.1 Brokers and agents licensed under Title 47.	\$1,000,000
10-43-5 Bank franchise tax is paid in lieu of other taxes, except sales or use tax on tangible personal property. Financial institutions do not owe use tax on services, if the service provider does not collect the applicable sales tax.	\$750,000
10-45-12.1 Financial services of institutions subject to the tax under Chapter 10-43 (Bank Franchise) including loan origination fees, late payment charges, nonsufficient fund check charges, stop payment charges, safe deposit box rent, exchange charges, commission on travelers checks, charges for administration of trusts, interest charges, and "points" charged on loans.	\$280,000
10-45-12.6, 10-46-6.2 Sale of credit services by credit bureaus to financial institutions that are paying bank franchise tax.	\$25,000
10-45-13.5 exempts receipts received by the state and political subdivisions from management services provided to a revolving loan fund operated by a nonprofit entity.	\$5,000

TAX EXPENDITURES

Sales and Use Tax Exemptions

**Annual Est. General
Fund Revenue Loss**

Transportation Group

10-45-12.1 Railroad Transportation & Rental of Railroad Cars.	\$7,500,000
10-45-12.1 Arrangement of Passenger Transportation; Arrangement of Transportation of Freight & Cargo; Local and Suburban Passenger Transportation, except Limousine Services; Trucking and Courier services, except air, except collection and disposal of solid waste; Pipelines, except Natural Gas; Transportation on Rivers & Canals; and School Buses. 10-45-67, 10-46-55 Natural gas transportation by pipeline.	\$3,000,000

Social Services

10-45.12.1 Social services and credit counseling services provided by individual and family social services.	\$10,000,000
--	--------------

Manufacturing Group

10-46-5 Excludes the fabrication costs from the fair market value of tangible personal property fabricated by a contractor or subcontractor for use in the contract. The fair market value is subject to use tax.	\$1,000,000
10-46-3 Tangible personal property not originally purchased for use in this state, but thereafter used, stored, or consumed in this state if the equipment is more than seven years old at the time it is brought into this state.	\$500,000
10-45-14.4, 10-46-9.3 Packing material used or consumed by manufacturers, processors, or fabricators as raw material. 10-45-14.5, 10-46-9.4 Packing material sold to retailers if the retailer used the article as wrappers or containers to hold other tangible personal property sold by the retail that is subject to sales or use tax and the articles are supplied free by the retailer as a convenience to the customer.	\$100,000

Civic & Nonprofit Association Events/Admissions/Donations

10-45-13 Exempts tax on the gross receipts of various sales and admission for civic and nonprofit associations and purposes.	\$100,000
10-45-13.2, 10-46-15.4 Donations of tangible personal property or services given without charge to organizations exempt from sales tax.	\$5,000

Miscellaneous Sales Tax Exemptions

Mini-storage receipts are not specifically subject to tax and therefore are exempt.	\$1,400,000
10-45-13.4 Library copying charges.	\$25,000

Total Sales and Use Tax Exemptions	\$612,695,000
---	----------------------

Other Tax Expenditures

10-44-4 Tax credit for principal office or regional home office for insurance companies.	\$12,127,141
10-45-27.2 Collection allowance for sales tax of 1.5% of collections with a maximum of \$70 per month.	\$5,169,508
10-50-18 Distributor discount of 1% of cigarette stamp face value.	\$542,973

Total Other Tax Expenditures	\$17,839,622
-------------------------------------	---------------------

Grand Total Tax Expenditures	\$630,534,622
-------------------------------------	----------------------

RECOMMENDED EXPENDITURES

OVERVIEW

Governor Daugaard's FY2015 budget recommendation maintains a structurally balanced budget while making targeted investments in the areas of providing a quality education for our children, taking care of those who cannot take care of themselves, and protecting us from those who would do us harm. The Governor is also proposing that the state continue to invest in the state employee workforce, which is any organization's greatest resource.

The Governor recommends a 3.0% inflationary increase to the per student allocation for state aid to general education and state aid to special education. This increases the ongoing per student allocation to \$4,764.42 for general education. The Governor is also recommending a 3.0% inflationary increase for postsecondary technical institutes which brings the per student allocation to \$3,306.72. In addition, the Governor recommends funding to freeze tuition for all postsecondary technical institute students up to \$5 per credit hour or 4.8% for FY2015. Funding is also recommended for technology in schools, sparsity, and dual credit courses.

The ongoing budget for the Board of Regents contains an increase of \$6.4 million in general funds. Included is a general fund increase of \$4.0 million to freeze state-support resident tuition for FY2015. Additional recommended increases include \$1.6 million for maintenance and repair and \$1.0 million to expand the Medical Doctor program at the Sanford School of Medicine. Also included is a \$2.3 million reduction in ongoing general fund bond payments due to the Governor's plan to use one-time money to pay off higher interest debt.

The Departments of Social Services, Human Services, and Health are responsible for the majority of the programs which help those who cannot take care of themselves, including the very young and the very old. The Departments of Health, Human, and Social Services account for \$32.9 million of the \$78.3 million in ongoing general fund increases. This portion of the total budget comprises of \$45.0 million of the \$159.2 million in ongoing total fund increases for FY2015.

Social Services will see ongoing increases of \$26.4 million in general funds, \$0.04 million in other fund

expenditure authority, and 4.0 FTE, along with a decrease of \$2.1 million in federal fund expenditure authority. This includes an increase of \$12.8 million in general funds with a corresponding decrease in federal fund expenditure authority due to the Federal Medical Assistance Percentage (FMAP) rate change. Increases of \$10.9 million in general funds, \$9.6 million in federal fund expenditure authority, and \$43,211 in other fund expenditure authority are for a 3.0% provider inflation increase. Decreases of \$0.2 million in general funds and \$0.4 million in federal fund expenditure authority are due to lower projections in the number of eligibles within in the Children's Health Insurance Program (CHIP). Increases of \$1.3 million in general funds and \$1.4 million in federal fund expenditure authority are due to a projected increase in the number of Medicaid clients.

The Human Services ongoing budget is increasing by \$6.3 million in general funds, \$0.4 million in federal fund expenditure authority, and \$11.3 million in other fund expenditure authority. An increase of \$2.6 million in general funds with a corresponding decrease in federal fund expenditure authority is due to the FMAP rate change. Increases of \$1.6 million in general funds and \$2.0 million in federal fund expenditure authority are for a 3.0% provider inflation increase. Also included in the budget are increases of \$1.7 million in general funds and \$1.8 million in federal fund expenditure authority for additional clients served.

The ongoing budget for the Department of Health includes increases of \$0.2 million in general funds and \$4.7 million in other fund expenditure authority, as well as a decrease of \$2.2 million in federal fund expenditure authority. This includes increases of \$50,000 in general funds for West Nile Virus surveillance and \$148,540 in general funds to allow health profession students to participate in a four week program in rural communities. An increase of \$2.4 million in other fund expenditure authority is due to costs associated with significant inmate healthcare events, as well as other inflationary costs. Also included is an increase of \$1.2 million in other fund expenditure authority to purchase chest compression devices for hospitals and emergency medical services.

To address the safety of our State's citizens, a progressive criminal justice system is in place. The ongoing budget for Corrections increased by \$3.8 million in general funds, \$4.4 million in other fund

expenditure authority, and 3.0 FTE, along with a decrease of \$1.8 million in federal fund expenditure authority. The primary increases throughout the department include: \$2.4 million in general funds for Correctional Healthcare; \$0.4 million in general funds and \$0.2 million in federal fund expenditure authority for a 3% provider inflation increase; \$0.3 million in general funds with a corresponding decrease in federal fund expenditure authority based on the FMAP rate; \$3.4 million in other fund expenditure authority to start the first year of a two year license plate run; and \$0.5 million in other fund expenditure authority related to the Criminal Justice Initiative.

The Department of Public Safety and the Office of the Attorney General are also engaged in providing for the safety of the public. The Department of Public Safety's ongoing budget includes an increase of \$0.3 million in total funds. The Office of the Attorney General's ongoing general fund budget is decreasing by \$0.6 million, primarily due to the Governor's plan to use one-time money to pay off higher interest debt. Also included are various adjustments resulting in a net total reduction of \$0.3 million.

The safety of South Dakota's citizens is also addressed within the ongoing budget for the Unified Judicial System which is being increased by \$0.6 million in general funds and \$0.1 million in other fund expenditure authority. This includes increases of \$0.4 million in general funds and 4.5 FTE for the Drug/DUI Courts. Also included are increases of \$70,108 in general funds and 1.0 FTE for a Juvenile Detention Alternatives Initiative (JDAI) Coordinator to oversee and coordinate the implementation of new JDAI sites throughout South Dakota.

The Governor is recommending a 3.0% across the board adjustment for permanent state employees. The Governor is also recommending a movement toward job worth of 3.0% for FY2015 for the PACE system established in FY1990, and the continuation of performance-based increases toward market of 0.0% to 4.5% for the career band families established in FY2010. In addition, following a total compensation market analysis study, targeted compensation adjustments are being recommended for a small number of mostly vocational jobs that are experiencing high turnover, a decline in applicants, or are difficult to fill because of the nature of the work.

<u>Description</u>	<u>Inc./Dec.</u>	<u>FTE</u>
Executive Branch	\$ 40,783,993	38.2
Board of Regents	6,417,460	14.4
State Aid	7,823,686	
UJS/Legislature/Elected	339,651	12.0
Technical Institutes	2,570,792	
Employee Comp.	20,333,662	
Special/Contin. Approp.	2,879,843	
Total	<u>\$81,149,087</u>	<u>64.6</u>

Executive Branch agencies, under direct control of the Governor, have the following funding changes for FY2015 excluding the employee compensation package:

General Funds	\$ 40,783,993
Federal Funds	\$ 3,109,262
Other Funds	\$ 34,082,240
FTE	38.2

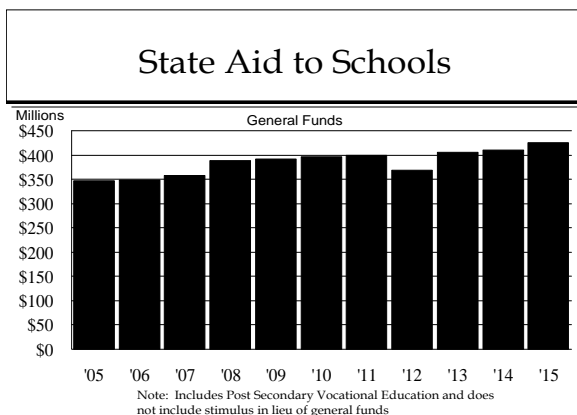
SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

STATE AID, HIGHER EDUCATION, EDUCATION

The budgets included in this category are State Aid to Education, Higher Education, and the Department of Education. General funds in this budget account for a \$16.9 million increase out of the \$78.3 million in ongoing increases. This budget comprises of an increase of \$29.9 million of the \$159.2 million in ongoing total fund increases for FY2015. In terms of the total ongoing budget, the education category is 44.8% of the general funds and 33.7% of the total ongoing funds, which amounts to over \$1.4 billion in total ongoing funding for education.

STATE AID

This category includes state aid to K-12 general education, special education, postsecondary vocational education institutes, sparse school district funding, consolidation incentive funding, and technology in the schools.



The Governor is recommending a 3.0% inflationary increase to the base per student allocation for FY2015, which is 1.4% higher than the statutory required 1.6% increase for FY2015. This brings the per-student allocation for general education to \$4,764.42 for FY2015, an increase of \$138.77 per student over the base FY2014 level.

The total recommended budgeted amount for state aid to general education is \$338,333,731 in general funds and \$2,100,000 in other fund expenditure authority for FY2015. This represents an \$8,037,797 increase in state general funds over the FY2014 budget. The other fund expenditure authority of \$2,100,000 is budgeted to pay for the state share of the limited English proficiency

adjustment through the workforce education fund. The estimated FY2015 fall enrollment of 131,250 was used for calculating the FY2015 budget, which is a growth of 1,450 over the budgeted FY2014 level.

The funding for each disability level for state aid to special education is recommended to increase 3%. The total recommended amount for state aid to special education is \$53,045,141 in general funds for FY2015.

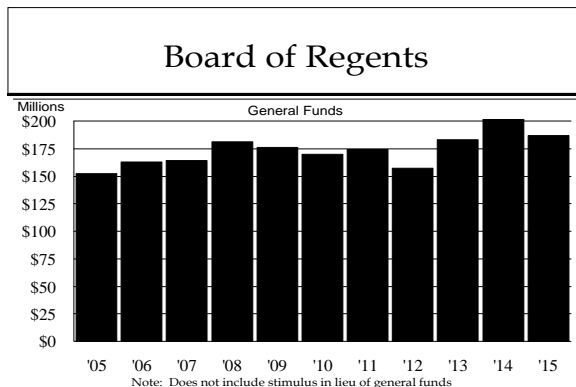
The Governor is recommending \$1,863,053 of general funds for payments to sparse school districts. An estimated 28 schools will be eligible for sparse payments in FY2015.

The Governor is recommending increases totaling \$323,442 in general funds for the technology in schools budget in FY2015. This includes an increase of \$119,295 in general funds for increased costs of the teacher evaluation software due to higher demand, \$100,000 in general funds for the annual fee for a new Egrant system, and \$88,614 in general funds for contract increases at the K-12 data center. The total recommended budget includes \$7,214,819 in general funds and \$1,804,346 in other fund expenditure authority. The technology in schools budget is used to support ongoing costs of the technology infrastructure and systems for the school districts.

The Governor is recommending a total increase of \$2,070,792 in general funds for the postsecondary technical institutes in FY2015. An increase of \$915,920 in general funds is to freeze tuition up to \$5 per credit hour or 4.8% at the postsecondary technical institutes. An increase of \$778,992 in general funds is based on a per student funding level of \$3,306.72 for FY2015, which is a 3.0% increase from FY2014. The estimated number of students for the FY2015 budget is an increase of 55 for a total of 6,255. An increase of \$875,880 in general funds is for the state share of the bond payment due to the passage of HB1098 from the 2013 legislative session. A decrease of \$500,000 in general funds is recommended to eliminate the one-time funding added to the FY2014 base budget. The total recommended FY2015 budget for postsecondary technical institutes is \$24,125,334 in general funds and \$100,000 in other fund expenditure authority.

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 Sioux Falls, the University Center Rapid City, and Capital University Center Pierre. 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 \$9,900,721 in total funds and 14.4 FTE over the FY2014 budget. The changes consist of increases of \$6,417,460 in general funds and \$3,983,225 in other fund expenditure authority, and a decrease of \$499,964 in federal fund expenditure authority. The total FY2015 recommended budget for the Board of Regents consists of \$186,900,804 in general funds, \$169,368,482 in federal fund expenditure authority, and \$446,649,740 in other fund expenditure authority, for a total FY2015 budget of \$802,919,026 and 5,087.8 FTE.

The Governor is proposing to fund the state-support resident tuition portion of the employee compensation package in order to freeze tuition and fees for state-support resident tuition for FY2015, for a cost of \$3,955,862 in general funds. Also included in the recommendation is \$1,161,617 in general funds for increased costs in utilities and \$1,647,447 in general funds is for maintenance and repair. This is the second year of a four year plan to reach an M&R budget which is 2% of the replacement value of the buildings.

The Governor is also recommending \$1,036,515 in general funds and 4.9 FTE for the expansion of 11 students per year in the Medical Doctor program at the Sanford School of Medicine (SSOM). Also included in the SSOM budget is \$111,000 in general funds for the remaining cost to pay all

Physician Assistant Preceptors. In the South Dakota State University budget, \$260,000 in general funds is recommended to pay for Nurse Practitioner Preceptors. The Governor is recommending \$313,416 in general funds for an aggressive initiative to complete the comprehensive annual financial reports within a required 6-month timeframe.

As a result of the Governor's recommendation to use one-time money to pay off higher interest debt, a reduction of \$2,301,879 in ongoing general funds is recommended for the science facilities bond payment.

The South Dakota Opportunity Scholarship continues to grow. No cement plant trust fund earnings are available so the Governor is recommending a general fund increase of \$308,333 in order to fully fund approximately 3,910 students in FY2015.

EDUCATION

The Governor's recommendation for the Department of Education, including the State Aid to Education formula, reflects increases of \$10,452,943 in general funds, \$9,543,904 in federal fund expenditure authority, and \$2,006 in other fund expenditure authority. Increases of \$33,975 in general funds, \$14,043 in federal fund expenditure authority, and \$2,006 in other fund expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus. The total recommended budget for FY2015 is \$436,092,723 in general funds, \$191,636,175 in federal fund expenditure authority, \$6,058,702 in other fund expenditure authority, and 135.0 FTE.

GENERAL ADMINISTRATION

The Governor recommends increases of \$40,827 in general funds, \$6,398 in federal fund expenditure authority, \$761 in other fund expenditure authority, and 1.0 FTE. Increases of \$32,115 in general funds and 1.0 FTE are for an additional staff attorney to address increasing legal demands of the department. A portion of the FTE costs will be funded with current federal and other fund expenditure authority previously utilized on legal contractual services. The total recommended FY2015 budget for this division is \$2,240,882 in general funds, \$8,889,482 in federal fund expenditure authority, \$204,685 in other fund expenditure authority, and 39.5 FTE.

EDUCATION SERVICES AND RESOURCES

This includes the Division of Assessment and Accountability, the Division of Educational Services and Support, and the Division of Curriculum, Career, and Technical Education. The Governor recommends increases of \$509,734 in general funds, \$9,566,254 in federal fund expenditure authority, and \$1,245 in other fund expenditure authority. The total recommended FY2015 budget is \$7,505,527 in general funds, \$181,552,066 in federal fund expenditure authority, \$1,663,588 in other fund expenditure authority, and 68.0 FTE. An increase of \$300,000 in general funds will expand the number of dual credit classes offered to high school students throughout the state. An increase of \$85,064 in general funds and 1.0 FTE is for an accountability position which will solely be responsible for the accountability and report card process to assure federal compliance and to focus efforts to improve student achievement. An increase of \$74,132 in general funds and 1.0 FTE will fund a teacher and leader effectiveness position to implement and coordinate the teacher evaluation process statewide and lead efforts to improve teacher and school leadership quality in K-12 schools. These FTE increases are offset by a reduction of \$51,217 in federal fund expenditure authority and 2.0 FTE due to the loss of a federal grant and efficiencies realized within the division. An increase of \$48,712 in general funds is recommended to pay for a portion of an FTE to administer the National Career Readiness Certificate Test (NCRC) for all high school juniors in order to fulfill the career readiness indicator for the state's accountability system. An increase of \$9,611,027 in federal fund expenditure authority is due to changes in anticipated federal flow-through grant awards in the department.

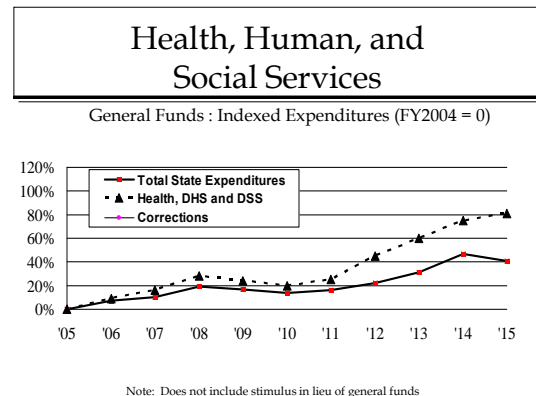
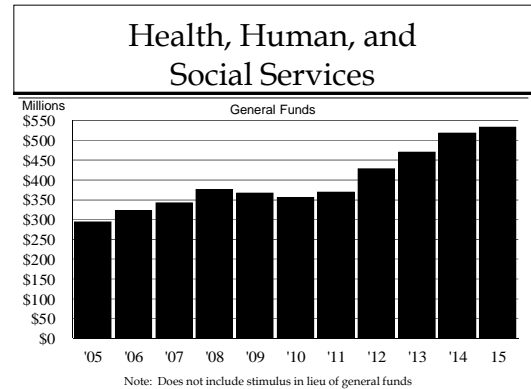
STATE LIBRARY

The Governor recommends an increase of \$7,904 in general funds and decreases of \$28,748 in federal fund expenditure authority and 1.0 FTE. Decreases of \$29,949 in federal fund expenditure authority and 1.0 FTE are due to efficiencies realized in the State Library braille and talking book program. The total recommended FY2015 budget for this division is \$1,764,236 in general funds, \$1,194,627 in federal fund expenditure authority, \$186,083 in other fund expenditure authority, and 27.5 FTE.

HEALTH, HUMAN, AND SOCIAL SERVICES

The budgets included in this category are the Department of Health, Department of Human Services, and Department of Social Services.

General funds account for a \$32.9 million increase out of the \$78.3 million in total ongoing general fund increases. This budget comprises of \$45.0 million of the \$159.2 million in total ongoing fund increases for FY2015. In terms of the total ongoing budget, this category is 38.3% of the general funds and 32.4% of the total ongoing funds, which amounts to almost \$1.4 billion in total ongoing funding.



HEALTH

The total recommended budget for the Department of Health includes an increase of \$201,959 in general funds, a decrease of \$2,222,162 in federal fund expenditure authority, and an increase of \$4,739,554 in other fund expenditure authority. Included are increases of \$3,419 in general funds, \$14,773 in federal fund expenditure authority, and \$11,179 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus. The total recommended budget is \$7,653,375 in general funds, \$42,328,090 in federal fund expenditure authority, and \$39,384,370 in other fund expenditure authority, for a total of \$89,365,835 and 419.2 FTE.

ADMINISTRATION

The total recommended budget for Administration is \$1,180,788 in general funds, \$6,445,194 in federal fund expenditure authority, \$1,572,384 in other fund expenditure authority, and 32.0 FTE.

HEALTH SYSTEMS DEVELOPMENT AND REGULATION

The total recommended budget for Health Systems Development and Regulation is \$2,587,242 in general funds, \$9,595,132 in federal fund expenditure authority, \$2,896,909 in other fund expenditure authority, and 62.5 FTE. This includes increases of \$50,000 in general funds for West Nile Virus surveillance and \$148,540 in general funds to allow health profession students to participate in a four week program in rural communities. Also included is an increase of \$1,200,000 in other fund expenditure authority to purchase chest compression devices for hospitals and emergency medical services.

HEALTH AND MEDICAL SERVICES

The total recommended budget for Health and Medical Services is \$3,885,345 in general funds, \$21,719,163 in federal fund expenditure authority, \$5,242,201 in other fund expenditure authority, and 184.5 FTE. This includes a decrease of \$1,776,935 in American Recovery and Reinvestment Act (ARRA) federal fund expenditure authority which is no longer needed.

LABORATORY SERVICES

The total recommended budget for Laboratory Services is \$3,242,470 in federal fund expenditure authority, \$3,201,014 in other fund expenditure authority, and 28.0 FTE.

CORRECTIONAL HEALTH

The total recommended budget for Correctional Health is \$18,284,647 in other fund expenditure authority and 87.0 FTE. This includes an increase of \$2,446,226 in other fund expenditure authority due to costs associated with significant inmate healthcare events, as well as other inflationary costs. Also included is an increase of \$30,713 in other fund expenditure authority due to a 3.0% provider inflation increase.

TOBACCO PREVENTION

The total recommended budget for Tobacco Prevention is \$1,127,437 in federal fund expenditure authority, \$4,500,038 in other fund expenditure authority, and 3.0 FTE. This includes an increase of \$500,000 in other fund expenditure authority to enhance outreach to priority high risk populations. A decrease of \$460,000 in ARRA federal fund expenditure authority is also recommended as this is no longer needed.

PROFESSIONAL AND OCCUPATIONAL LICENSING - INFORMATIONAL

This division is comprised of the informational budgets of the professional and occupational licensing boards. There are twelve 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, Board of Massage Therapy, and Board of Speech-Language Pathology. The Governor is recommending increases in other fund expenditure authority of \$5,892 in the Board of Dentistry, \$600 in the Board of Hearing Aid Dispensers, \$5,100 in the Board of Funeral Service, \$18,000 in the Board of Nursing, \$6,444 in the Board of Nursing Home Administrators, \$3,538 in the Board of Optometry, \$4,470 in the Board of Massage Therapy, and \$7,392 in the Board of Speech-Language Pathology. The total recommended budget for the Boards is \$198,694 in federal fund expenditure authority, \$3,687,177 in other fund expenditure authority, and 22.2 FTE.

HUMAN SERVICES

The Governor is recommending increases of \$6,256,305 in general funds, \$433,497 in federal fund expenditure authority, and \$11,261,010 in other fund expenditure authority. The recommendation includes an increase of \$2,593,154 in general funds with a corresponding decrease in federal fund expenditure authority due to the change in the Federal Medical Assistance Percentage (FMAP). Also, increases of \$6,726 in general funds, \$19,913 in federal fund expenditure authority, and \$225 in other fund expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus. For FY2015, a total budget consisting of \$73,107,476 in general funds, \$100,386,551 in federal fund expenditure authority, \$15,095,756 in other fund expenditure authority, and 550.4 FTE is recommended.

SECRETARIAT

The Governor's recommended budget for the Secretariat includes increases of \$276 in general funds and \$263 in federal fund expenditure authority. The total recommended budget is \$822,969 in general funds, \$610,697 in federal fund expenditure authority, \$1,421 in other fund expenditure authority, and 16.0 FTE.

DEVELOPMENTAL DISABILITIES

The recommendation for the Division of Developmental Disabilities includes increases of \$5,503,017 in general funds, \$715,446 in federal fund expenditure authority, and \$11,260,785 in other fund expenditure authority. Increases of \$1,522,817 in general funds and \$1,954,219 in federal fund expenditure authority are for a 3.0% provider inflation increase. Also, increases of \$1,606,756 in general funds and \$1,749,042 in federal fund expenditure authority are to address growth in individuals needing services who have developmental disabilities. Increases of \$84,042 in general funds and \$55,010 in federal fund expenditure authority are to add an additional Family Support services coordinator who will serve an 40 more people in eastern South Dakota. Also, increases of \$214,874 in general funds and \$233,902 in federal fund expenditure authority are due to eliminating cost sharing on earned income for participants receiving home and community based waiver services. A decrease of \$1,203,543 in federal fund expenditure authority is to align the budget to more closely reflect expenditures. An increase of \$11,260,785 in other fund expenditure authority is to provide matching funds for children's home and community based services. The total recommended budget for the Developmental Disabilities division is \$55,832,744 in general funds, \$69,560,015 in federal fund expenditure authority, \$11,260,785 in other fund expenditure authority, and 20.5 FTE.

SOUTH DAKOTA DEVELOPMENTAL CENTER

The recommendation for the South Dakota Developmental Center includes an increase of \$588,590 in general funds and a decrease of \$276,855 in federal fund expenditure authority. The Governor's recommendation includes increases of \$80,027 in general funds and \$87,115 in federal fund expenditure authority for utility cost adjustments. Increases of \$66,161 in general funds and \$72,019 in federal fund expenditure authority are due to the worker's compensation rate increasing. The total recommended budget is \$11,221,108 in general funds, \$12,285,247 in federal fund expenditure authority, \$792,145 in other fund expenditure authority, and 385.6 FTE.

REHABILITATION SERVICES

The Governor's recommended budget for Rehabilitation Services includes an increase of \$163,786 in general funds and a decrease of \$6,727 in federal fund expenditure authority. The Governor's recommendation includes increases of \$81,748 in general funds and \$58,974 in federal fund expenditure authority for a 3.0% provider inflation increase. The total recommended budget is

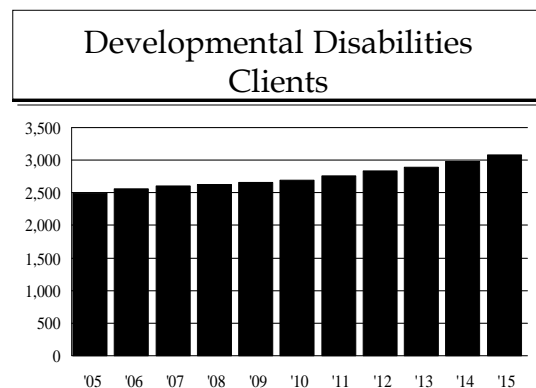
\$4,317,603 in general funds, \$15,438,712 in federal fund expenditure authority, \$1,423,424 in other fund expenditure authority, and 99.1 FTE.

TELECOMMUNICATION DEVICES FOR THE DEAF

The Governor is recommending no change to the Telecommunication Devices for the Deaf budget. The total FY2015 budget is \$1,251,680 in other fund expenditure authority.

SERVICE TO THE BLIND AND VISUALLY IMPAIRED

The Governor is recommending increases of \$636 in general funds, \$1,370 in federal fund expenditure authority, and \$225 in other fund expenditure authority. The total recommended budget is \$913,052 in general funds, \$2,491,880 in federal fund expenditure authority, \$366,301 in other fund expenditure authority, and 29.2 FTE.



SOCIAL SERVICES

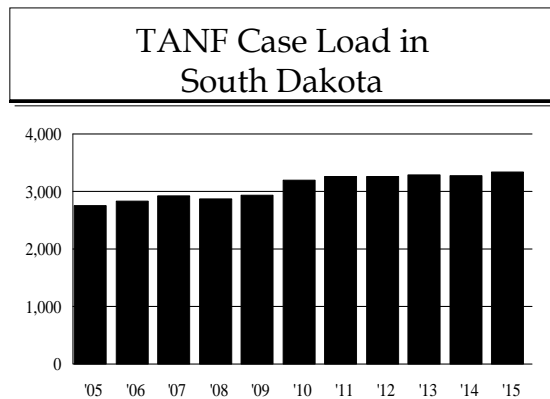
The Governor's recommended budget for the Department of Social Services is \$452,564,433 in general funds, \$643,114,520 in federal fund expenditure authority, and \$9,874,099 in other fund expenditure authority, for a total FY2015 budget of \$1,105,553,052 and 1,656.3 FTE. This recommendation is an increase of \$26,432,506 in general funds, a decrease of \$2,095,841 in federal fund expenditure authority, and increases of \$39,196 in other fund expenditure authority and 4.0 FTE over the FY2014 operating budget. This budget includes a funding swap of \$12,791,094 from federal fund expenditure authority to general funds due to the increase in the state's share in the Federal Medical Assistance Percentage (FMAP). Also included are increases of \$256,740 in general funds, \$299,629 in federal fund expenditure authority, and \$1,385 in other fund expenditure authority throughout the department due to changes in the internal service rates charged by the bureaus.

ADMINISTRATION

The Governor's recommended increases within Administration include increases of \$189,118 in general funds, \$241,547 in federal fund expenditure authority, and \$1 in other fund expenditure authority. The total recommended budget is \$8,312,554 in general funds, \$20,566,429 in federal fund expenditure authority, \$18,736 in other fund expenditure authority, and 182.7 FTE.

ECONOMIC ASSISTANCE

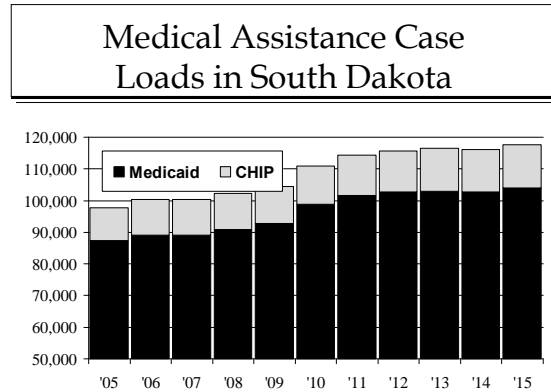
The Governor's recommended budget for Economic Assistance includes increases of \$876,504 in general funds, \$11,918 in federal fund expenditure authority, and \$2 in other fund expenditure authority. Increases of \$356,653 in general funds and \$517,132 in federal fund expenditure authority are for provider inflation of 3.0%. The total recommended budget is \$24,277,777 in general funds, \$59,904,305 in federal fund expenditure authority, \$338,378 in other fund expenditure authority, and 320.5 FTE.



MEDICAL AND ADULT SERVICES

The recommended budget for Medical and Adult Services includes an increase of \$21,994,291 in general funds, a decrease of \$2,569,353 in federal fund expenditure authority, and increases of \$668 in other fund expenditure authority and 1.0 FTE. The FY2015 recommended budget is \$308,458,831 in general funds, \$475,111,371 in federal fund expenditure authority, \$1,777,297 in other fund expenditure authority, and 151.0 FTE. An increase of \$1,764,017 in general funds and a decrease of \$486,468 in federal fund expenditure authority are for mandatory inflation. The Governor's recommendation also includes \$7,793,697 in general funds and \$8,272,678 in federal fund expenditure authority for a 3.0% provider inflation increase. Decreases of \$213,057 in general funds and \$422,556 in federal fund expenditure authority are due to the revised projection of eligibles within the Children's Health Insurance Program (CHIP).

Increases of \$1,257,831 in general funds and \$1,399,226 in federal fund expenditure authority are due to the projected number of Medicaid eligibles. Also included is an additional \$21,214 in both general funds and federal fund expenditure authority and 1.0 FTE for a Program Assistant within Medical Services.



CHILDREN'S SERVICES

The Governor's recommended FY2015 budget for Children's Services includes an increase of \$3,054,321 in general funds, a decrease of \$216,898 in federal fund expenditure authority, and increases of \$33,524 in other fund expenditure authority and 3.0 FTE. This includes increases of \$420,243 in general funds and \$47,594 in federal fund expenditure authority for additional subsidized adoptions. In addition, increases of \$1,682,494 in general funds, \$435,815 in federal fund expenditure authority, and \$33,521 in other fund expenditure authority are recommended for provider inflation of 3.0%. Increases of 3.0 FTE, \$92,232 in general funds, and \$42,218 in federal fund expenditure authority are for a Program Assistant, an Intake Specialist, and a Family Service Specialist. The total recommended budget for Children's Services is \$44,737,794 in general funds, \$49,734,418 in federal fund expenditure authority, \$4,579,207 in other fund expenditure authority, and 353.8 FTE.

BEHAVIORAL HEALTH

The Governor recommends increases of \$318,272 in general funds, \$436,945 in federal fund expenditure authority, and \$10,038 in other fund expenditure authority. Increases of \$1,686,133 in general funds and \$706,899 in federal fund expenditure authority are recommended for increased eligibles within community behavioral health. Recommended increases at the Human Services Center (HSC) include \$112,948 in general funds and \$16,606 in federal fund expenditure authority for utility cost adjustments and \$54,641 in general funds for a food services adjustment, along with a decrease of \$18,580 in general funds for

bond payment adjustments. Increases of \$1,103,835 in general funds, \$347,013 in federal fund expenditure authority, and \$9,690 in other fund expenditure authority are recommended for 3.0% provider inflation. As a result of the Governor's recommendation to use one-time money to pay off higher interest debt, a reduction of \$3,327,474 in ongoing general funds is recommended for the HSC Mickelson and HSC Dietary buildings. The total recommended FY2015 budget is \$66,777,477 in general funds, \$37,797,997 in federal fund expenditure authority, and \$2,737,370 in other fund expenditure authority for a total of \$107,312,844 and 647.0 FTE.

BOARDS – INFORMATIONAL

There are four boards including the Board of Counselor Examiners, Board of Psychology Examiners, Board of Social Work Examiners, and the Board of Addiction and Prevention Professionals. The total recommended budget for FY2015 for the Boards is \$423,111 in other fund expenditure authority and 1.3 FTE.

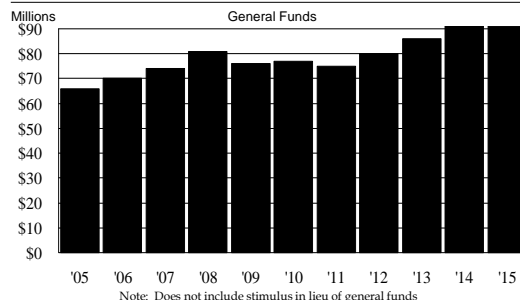
CORRECTIONS

The Governor's recommended budget for the Department of Corrections is \$91,415,329 in general funds, \$9,163,501 in federal fund expenditure authority, and \$12,753,304 in other fund expenditure authority. The overall FY2015 budget for Corrections is \$113,332,134 in total funds and 874.2 FTE.

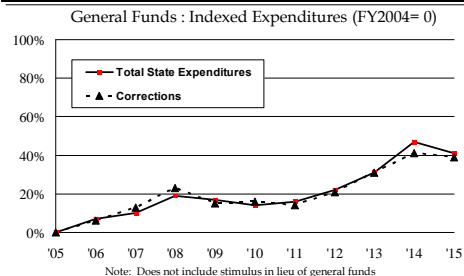
The FY2015 budget recommendation includes an increase of \$3,768,829 in general funds, a decrease of \$1,757,383 in federal fund expenditure authority, and increases of \$4,378,109 in other fund expenditure authority and 3.0 FTE. Increases of \$27,422 in general funds, \$2,155 in federal fund expenditure authority, and \$11,156 in other fund expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus.

The average daily population (ADP) of adult inmates is projected to be 3,584 in FY2015. This represents a decrease of 39 inmates over the actual FY2013 ADP of 3,623 inmates. The ADP of juveniles in institutional settings is projected to be 715 in FY2015. This represents an increase of 22 juveniles when compared to the FY2013 ADP of 693.

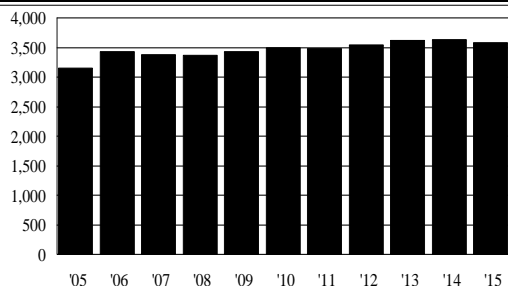
Corrections



Corrections



Average Daily Population of Adult Inmates



ADMINISTRATION

The Governor is recommending a net decrease of \$36,690 in total funds. This is mainly attributed to a decrease of \$99,714 in other fund expenditure authority due to reduced contract coverage for the Comprehensive Officer Management System (COMS). The FY2015 recommended budget in Administration is \$1,815,449 in general funds, \$1,011,006 in federal fund expenditure authority, \$333,348 in other fund expenditure authority, and 22.0 FTE.

MIKE DURFEE STATE PRISON

The Governor's FY2015 budget recommendation for Mike Durfee State Prison (MDSP) includes increases of \$2,919 in general funds and \$96,742 in other fund expenditure authority, and a decrease of

\$25,422 in federal fund expenditure authority. The increase of \$101,867 in other fund expenditure authority is for overtime costs due to coverage and transporting of inmates receiving medical coverage at hospitals. The total FY2015 recommended budget for MDSP is \$15,208,304 in general funds, \$116,991 in federal fund expenditure authority, \$1,339,129 in other fund expenditure authority, and 210.0 FTE.

STATE PENITENTIARY

The FY2015 recommendation for the South Dakota State Penitentiary's (SDSP) budget includes increases of \$420,651 in general funds, \$584,332 in other fund expenditure authority, and 4.0 FTE, and a decrease of \$391,512 in federal fund expenditure authority. The Governor is recommending an increase of 1.0 FTE and \$44,911 in general funds for a Correctional Officer to increase coverage for Unit C. Unit C has an estimated 300 inmates per day entering and leaving the facility for work release, community service, the community transition program (CTP), and institutional support. The Governor is also recommending an increase of 1.0 FTE and \$50,598 in general funds to hire an Electronics Specialist. Also included in this budget recommendation is an increase of \$67,835 in general funds to house an inmate who is under 18 years of age at an out of state facility. The FY2015 budget for SDSP is \$21,188,409 in total funds and 306.0 FTE.

WOMEN'S PRISON

The FY2015 recommendation for the South Dakota Women's Prison's (SDWP) budget includes an increase of \$23,401 in general funds, \$76 in federal fund expenditure authority, and \$1,009 in other fund expenditure authority. This budget includes an increase in total funds of \$24,486 for utilities and operating expenditures. The FY2015 recommended budget for the SDWP is \$5,157,806 in total funds and 70.0 FTE.

PHEASANTLAND INDUSTRIES

The Pheasantland Industries budget is recommended to increase by \$3,406,150 in other fund expenditure authority. This increase is for raw materials to start the first year of a two year license plate run. Plates would start to be issued January 1st, 2016. The FY2015 budget for Pheasantland Industries is \$5,991,115 in other fund expenditure authority and 14.0 FTE.

INMATE SERVICES

The Inmate Services recommended budget is to increase by \$2,355,617 in general funds, along with decreases of \$571,664 in federal fund expenditure

authority, \$292,688 in other fund expenditure authority, and 1.0 FTE. The Governor is recommending increases of \$2,249,296 in general funds for Correctional Healthcare (CHC), \$18,855 in general funds for a 3% provider inflation increase for CHC, and \$81,898 in general funds for Sex Offender Management. The Governor is also recommending decreases of \$571,935 in federal fund expenditure authority, \$293,233 in other fund authority, and 3.0 FTE. The decreases are primarily due to the completion of The Adult Reentry grant. The recommended FY2015 budget for Inmate Services is \$22,399,265 in total funds and 25.0 FTE.

PAROLE SERVICES

The FY2015 budget recommendation for Parole Services is an increase of \$100,301 in general funds and \$747,983 in other fund expenditure authority. The majority of the increase is \$500,000 in other fund expenditure authority for grants related to the Criminal Justice Initiative. The FY2015 budget for Parole Services is \$3,885,585 in general funds, \$972,986 in other fund expenditure authority, and 55.0 FTE.

JUVENILE COMMUNITY CORRECTIONS

The Juvenile Community Corrections budget is recommended to increase by \$558,499 in general funds and to decrease by \$760,714 in federal fund expenditure authority and \$72,021 in other fund expenditure authority. The Governor is recommending an increase of \$253,030 in general funds and a decrease of a like amount in federal fund expenditure authority due to the change in the Federal Medical Assistance Percentage (FMAP). The recommendation also includes a decrease of \$513,665 in general funds and \$559,152 federal fund expenditure authority due to a projected reduction in juvenile Medicaid eligible placements. The FY2015 budget includes \$16,809,638 in general funds, \$6,324,625 in federal fund expenditure authority, \$567,369 in other fund expenditure authority, and 47.5 FTE.

YOUTH CHALLENGE CENTER

The FY2015 budget for the Youth Challenge Center is \$1,479,523 in general funds, \$14,942 in other fund expenditure authority, and 26.0 FTE.

PATRICK HENRY BRADY ACADEMY

The FY2015 budget for the Brady Academy is \$1,483,688 in general funds, \$14,280 in other fund expenditure authority, and 26.0 FTE.

STATE TREATMENT AND REHABILITATION ACADEMY

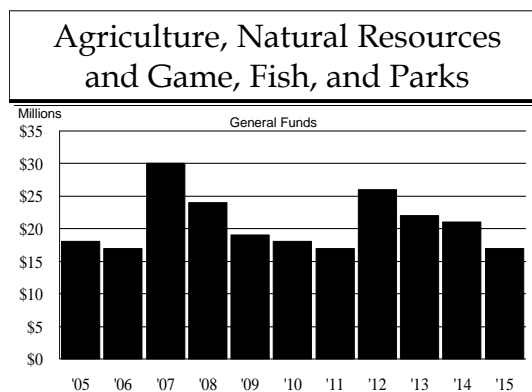
The State Treatment and Rehabilitation (STAR) Academy budget is recommended to increase by \$243,056 in general funds, \$5,700 in other fund expenditure authority, and to decrease by \$8,249 in other fund expenditure authority. The primary increase is \$142,727 in general funds for Correctional Healthcare. The overall FY2015 budget for STAR is \$5,601,449 in total funds and 44.7 FTE.

QUEST/EXCEL

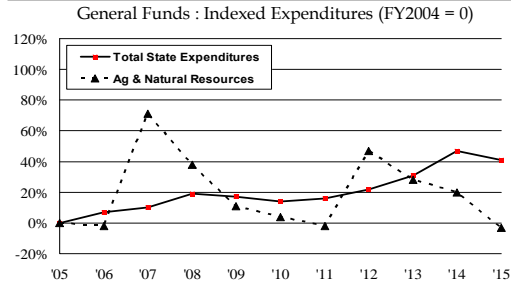
The FY2015 recommended budget for Quest/ExCEL is \$1,593,917 in general funds, \$23,310 in other fund expenditure authority, and 28.0 FTE.

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

The budgets included in this category are the Department of Agriculture, Department of Environment and Natural Resources, and Department of Game, Fish, and Parks. General funds account for an increase of \$0.8 million out of the \$78.3 million in total ongoing general fund increases. This budget represents an increase of \$2 million out of the \$159.2 million in total ongoing fund increases for FY2015. In terms of the total ongoing state budget, this category is 1.2% of the general funds and 3.4% of the total ongoing funds, which amounts to \$145.7 million in total ongoing funding.



Agriculture, Natural Resources and Game, Fish, and Parks



AGRICULTURE

The total recommended budget for the Department of Agriculture is \$45,383,278, consisting of \$6,400,419 in general funds, \$7,089,515 in federal fund expenditure authority, \$31,893,344 in other fund expenditure authority, and 225.9 FTE. The Governor is recommending total increases of \$468,952 in general funds, \$2,308,531 in other fund expenditure authority, and 1.1 FTE, along with a total decrease of \$631,124 in federal fund expenditure authority. Increases of \$6,191 in general funds, \$4,315 in federal fund expenditure authority, and \$8,658 in other fund expenditure authority are recommended due to changes in the internal service rates charged by the bureaus.

OFFICE OF THE SECRETARY

The total recommended budget for the Office of the Secretary is \$1,022,883, consisting of \$800,767 in general funds, \$56,659 in federal fund expenditure authority, \$165,457 in other fund expenditure authority, and 9.5 FTE.

AGRICULTURAL SERVICES AND ASSISTANCE

The total recommended budget for Agricultural Services and Assistance includes \$1,826,260 in general funds, \$3,758,760 in federal fund expenditure authority, and \$3,020,735 in other fund expenditure authority, for a total budget of \$8,605,755 and 83.1 FTE. This includes a decrease of \$429,840 in American Recovery and Reinvestment Act (ARRA) federal fund expenditure authority which is no longer needed.

AGRICULTURAL DEVELOPMENT AND PROMOTION

The Governor's recommended budget for Agricultural Development and Promotion is \$4,182,735, consisting of \$1,602,083 in general funds, \$1,669,806 in federal fund expenditure authority, \$910,846 in other fund expenditure authority, and 27.8 FTE. This includes an increase

of \$460,000 in general funds with a corresponding decrease of \$460,000 in other fund expenditure authority to correct the structural shortfall within the Rural Rehabilitation Fund.

ANIMAL INDUSTRY BOARD

The total recommended budget for the Animal Industry Board is \$3,772,755 and 41.0 FTE. This budget is comprised of \$1,901,927 in general funds, \$1,604,290 in federal fund expenditure authority, and \$266,538 in other fund expenditure authority. This includes increases of \$2,761 in general funds and \$1,329 in federal fund expenditure authority due to an increase in the Board's lease agreement. Also included is a decrease of \$206,928 in federal fund expenditure authority due to reductions in state cooperative agreements.

BOARDS AND COMMISSIONS - INFORMATIONAL

The Agricultural Boards and Commissions are as follows: the American Dairy Association, the Wheat Commission, the Oilseeds Council, the Soybean Research and Promotion Council, the Brand Board, the Corn Utilization Council, the Board of Veterinary Medical Examiners, and the Pulse Crops Council. The total recommended budget for the Agricultural Boards and Commissions is \$25,056,296 in other fund expenditure authority and 45.0 FTE. The Governor is recommending increases in other fund expenditure authority of \$53,275 in the American Dairy Association, \$4,667 in the Oilseeds Council, \$2,916,549 and 1.0 FTE in the Soybean Research and Promotion Council, \$13,362 in the Brand Board, \$110,270 in the Corn Utilization Council, \$30 in the Board of Veterinary Medical Examiners, and \$897 in the Pulse Crops Council. The Governor is also recommending a decrease in other fund expenditure authority of \$337,420 in the Wheat Commission. The total increase in other fund expenditure authority for the boards and commissions is \$2,761,630.

STATE FAIR

The total recommended budget for the State Fair is \$269,382 in general funds and \$2,473,472 in other fund expenditure authority for a total budget of \$2,742,854 and 19.5 FTE.

ENVIRONMENT AND NATURAL RESOURCES

The total recommended budget for the Department of Environment and Natural Resources totals \$22,454,256 and consists of \$5,853,136 in general funds, \$7,551,753 in federal fund expenditure

authority, \$9,049,367 in other fund expenditure authority, and 180.5 FTE. Included are increases of \$8,754 in general funds, \$12,335 in federal fund expenditure authority, and \$7,110 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

FINANCIAL AND TECHNICAL ASSISTANCE

The total recommended budget for Financial and Technical Assistance consists of \$2,245,178 in general funds, \$1,975,791 in federal fund expenditure authority, and \$1,027,765 in other fund expenditure authority, for a total budget of \$5,248,734 and 56.5 FTE.

ENVIRONMENTAL SERVICES

The total recommended budget for Environmental Services is \$12,159,853 and 119.0 FTE, consisting of \$3,607,958 in general funds, \$5,575,962 in federal fund expenditure authority, and \$2,975,933 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 \$1,750,002 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.

PETROLEUM RELEASE COMPENSATION

The total recommended budget for Petroleum Release Compensation is \$2,530,667 in other fund expenditure authority and 5.0 FTE.

GAME, FISH, AND PARKS

The total recommended budget for the Department of Game, Fish, and Parks totals \$77,906,729, including \$4,754,017 in general funds, \$23,279,438 in federal fund expenditure authority, \$49,873,274 in other fund expenditure authority, and 567.4 FTE. This budget reflects an overall decrease of \$150,987, including a decrease of \$897,779 in federal fund expenditure authority and increases of \$291,467 in general funds, \$455,325 in other fund expenditure authority, and 1.0 FTE. Included are increases of \$19 in federal fund expenditure

authority and \$28,628 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

ADMINISTRATION

The total recommended budget for Administration includes \$928,289 in general funds, \$3,293,361 in other fund expenditure authority, and 25.1 FTE, for a total budget of \$4,221,650. This includes an increase of \$4,187 in general funds resulting from changes in bond payments related to the Division of Wildlife's fish hatcheries. A like amount of the Division of Wildlife other funds are transferred into the general fund resulting in a net zero impact to the general fund.

WILDLIFE – INFORMATIONAL

The total recommended budget for the Division of Wildlife is \$43,268,542, composed of \$15,865,182 in federal fund expenditure authority, \$27,403,360 in other fund expenditure authority, and 290.0 FTE. Included in this budget is an increase of \$15,891 in federal fund expenditure authority and a decrease of \$306,261 in other fund expenditure authority to align the budget with anticipated expenditures.

WILDLIFE DEVELOPMENT AND IMPROVEMENT – INFORMATIONAL

The total recommended budget for the Wildlife Development and Improvement Division is \$1,512,000, including \$1,093,750 in federal fund expenditure authority and \$418,250 in other fund expenditure authority. This includes decreases of \$637,250 in federal fund expenditure authority and \$468,750 in other fund expenditure authority to align the budget with anticipated costs from the capital development project list.

STATE PARKS AND RECREATION

The total recommended budget for the Division of State Parks and Recreation is \$20,708,469 and 243.2 FTE, consisting of \$3,825,728 in general funds, \$3,258,756 in federal fund expenditure authority, and \$13,623,985 in other fund expenditure authority. This includes an increase of \$287,280 in general funds due to changes in bond payments related to the Custer State Park, the Angostura Recreation Area and the Cedar Shore Resort marina. A like amount of the State Parks and Recreation other funds are transferred into the general fund resulting in a net zero impact to the general fund. Increases of \$174,130 in federal fund expenditure authority and \$536,503 in other fund expenditure authority are for daily operational functions within the statewide park system.

STATE PARKS AND RECREATION DEVELOPMENT AND IMPROVEMENT

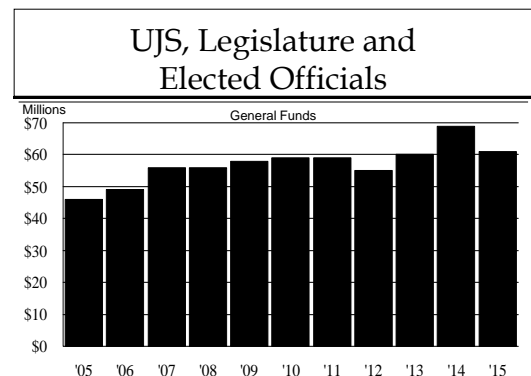
The total recommended budget for the State Parks and Recreation Development and Improvement Program is \$6,786,200, composed of \$2,829,750 in federal fund expenditure authority and \$3,956,450 in other fund expenditure authority. This includes a decrease of \$394,550 in federal fund expenditure authority and an increase of \$734,750 in other fund expenditure authority to align the budget with anticipated costs from the capital development project list.

SNOWMOBILE TRAILS – INFORMATIONAL

The total recommended budget for the Snowmobile Trails Program is \$232,000 in federal fund expenditure authority, \$1,177,868 in other fund expenditure authority, and 9.1 FTE. The Governor is recommending decreases of \$56,000 in federal fund expenditure authority and \$46,000 in other fund expenditure authority to reflect changes in the capital asset budget.

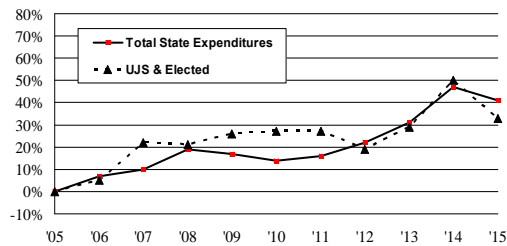
LEGISLATURE, UNIFIED JUDICIAL SYSTEM, PUBLIC UTILITIES COMMISSION, AND ELECTED OFFICIALS

The budgets included in this category are the Legislature, Unified Judicial System, Public Utilities Commission, Office of the Attorney General, Secretary of State, School and Public Lands, Office of the State Auditor, and Office of the State Treasurer. General funds account for an increase of \$0.3 million out of the \$78.3 million in total ongoing increases. This budget represents a \$7.1 million increase out of the \$78.3 million in total ongoing fund increases for FY2015. In terms of the total ongoing state budget, this category is 4.2% of the general funds and 2.6% of the total ongoing funds, which amounts to \$112.4 million in total ongoing funding.



UJS, Legislature and Elected Officials

General Funds : Indexed Expenditures (FY2004 = 0)



LEGISLATURE

The FY2015 budget for the Legislature is \$8,833,801 in total funds and 70.3 FTE. An increase of \$11,284 in general funds is recommended due to changes in the internal service rates charged by the bureaus.

The Legislative Research Council's budget includes an increase of \$88,431 in general funds. The overall FY2015 budget for the Legislative Research Council is \$5,532,532 in general funds, \$35,000 in other fund expenditure authority, and 31.3 FTE.

General fund increases of \$200,701 and 3.0 FTE for the Auditor General are recommended for an aggressive initiative to complete the comprehensive annual financial reports within a required 6-month timeframe. The overall FY2015 budget for Legislative Audit is \$3,266,269 in general funds and 39.0 FTE.

UNIFIED JUDICIAL SYSTEM

The Governor's recommended changes for the Unified Judicial System include increases of \$592,991 in general funds, \$15,500 in federal fund expenditure authority, \$83,549 in other fund expenditure authority, and 8.0 FTE.

This recommendation includes increases of \$395,773 in general funds, \$13,336 in federal fund expenditure authority, and 4.5 FTE for the Drug/DUI Courts. This consists of 0.5 FTE for a Magistrate Judge, 3.0 FTE for Court Services Officers, and 1.0 FTE for a Drug/DUI Court Specialists. Also included are increases of \$162,354 in general funds and 3.5 FTE for a Juvenile Detention Alternatives Coordinator, Deputy Court Clerks, and a Court Services Secretary. Increases of \$29,488 in general funds and \$2,164 in federal fund expenditure authority are for a 3.0% provider inflation increase. Also, an increase of \$79,536 in other fund expenditure authority is for statewide capital assets. Also included are increases of \$5,376 in general funds and \$4,013 in other fund

expenditure authority due to changes in the internal service rates charged by the bureaus.

The total recommended budget for the Unified Judicial System is \$49,245,668, consisting of \$37,222,101 in general funds, \$732,967 in federal fund expenditure authority, \$11,290,600 in other fund expenditure authority, and 563.9 FTE.

PUBLIC UTILITIES COMMISSION

The total recommended budget for the Public Utilities Commission is \$4,499,025, consisting of \$535,246 in general funds, \$539,409 in federal fund expenditure authority, \$3,424,370 in other fund expenditure authority, and 34.2 FTE. This includes an increase of 1.0 FTE within Fixed Utilities for a utility analyst. A funding swap of \$43,364 from other fund expenditure authority to general funds is recommended within Grain Warehouse. Also included are increases of \$8 in general funds, \$336 in federal fund expenditure authority, and \$2,625 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

ATTORNEY GENERAL

The Governor's FY2015 budget recommendation for the Office of the Attorney General includes \$9,396,827 in general funds, \$4,192,396 in federal fund expenditure authority, and \$9,508,402 in other fund expenditure authority, for a total of \$23,097,625 in total funds and 176.0 FTE.

This budget recommendation consists of decreases of \$566,799 in general funds and \$29,318 in federal fund expenditure authority, and increases of \$284,286 in other fund expenditure authority and 1.0 FTE. This is a FY2015 net decrease of \$311,831 in total funds. Increases of \$34,693 in general funds, \$2,682 in federal fund expenditure authority, and \$27,219 in other expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus.

LEGAL SERVICES

Included in this budget recommendation is an increase of \$12,398 in general funds, a decrease of \$9,336 in federal fund expenditure authority, and an increase of \$94,260 in other fund expenditure authority. The Governor is recommending an increase of \$62,000 of other fund expenditure authority for public awareness radio advertisements, senior handbooks, and privacy rights books as part of a consumer protection program. This request is to protect consumers against identity theft, scams that target the elderly,

and any criminal information against the masses. The FY2015 budget for The Legal Services Division is \$7,633,506 in total funds and 67.0 FTE.

CRIMINAL INVESTIGATION

Included in this budget are decreases of \$589,916 in general funds and \$19,982 in federal fund authority, and an increase of \$184,305 other fund expenditure authority and 1.0 FTE. As a result of the Governor's recommendation to use one-time money to pay off higher interest debt, a reduction of \$647,160 in ongoing general funds is recommended for the division of criminal investigation building bond payment. The Governor is recommending a decrease of \$647,160 in general funds due to debt reduction on an existing bond. The Governor is also recommending 1.0 FTE, \$25,000 in federal fund expenditure authority, and \$116,899 in other fund expenditure authority for a white collared DCI agent who specializes in computer forensic examinations. The overall FY2015 budget for The Criminal Investigation Division is \$12,906,361 in total funds and 92.5 FTE.

LAW ENFORCEMENT TRAINING

The FY2015 budget recommendation for the division of Law Enforcement Training is \$368,519 in general funds and \$1,732,130 in other fund expenditure authority. The FY15 budget consists of \$2,100,649 in total funds and 11.5 FTE.

911 TRAINING

The FY2015 recommended budget for 911 Training is \$213,838 in other fund expenditure authority and 2.0 FTE.

INSURANCE FRAUD UNIT - INFORMATIONAL

The FY2015 recommended budget for the Insurance Fraud Unit is \$243,271 in other fund expenditure authority and 3.0 FTE.

SECRETARY OF STATE

The Governor's recommendation for the Secretary of State's FY2015 budget is \$927,667 in general funds, \$3,142,251 in federal fund expenditure authority, \$470,121 in other fund expenditure authority, and 15.6 FTE. This includes increases of \$10,424 in general funds, \$5,539 in federal fund expenditure authority, and \$4,412 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

SCHOOL AND PUBLIC LANDS

The Governor's recommendation for the FY2015 School and Public Lands' budget is \$515,956 in general funds, \$325,000 in other fund expenditure authority, and 6.0 FTE. An increase of \$1,001 in general funds is due to changes in the internal service rates charged by the bureaus.

STATE AUDITOR

The total recommended budget is \$1,251,980, consisting of \$1,151,980 in general funds, \$100,000 in other fund expenditure authority, and 16.0 FTE. This includes decreases of \$42,323 in general funds and 1.0 FTE to remove unutilized funding and FTE from the budget, as well a decrease of \$547 in general funds to align the budget with anticipated expenditures. Also, an increase of \$1,780 in general funds is due to changes in the internal service rates charged by the bureaus.

STATE TREASURER

The total recommended budget is \$20,093,301, consisting of \$505,101 in general funds, \$19,588,200 in other fund expenditure authority, and 39.0 FTE. This includes a total decrease of \$454 in general funds and an increase of \$6,400,758 in other fund expenditure authority. Included are increases of \$1,067 in general funds and \$4,201 in other fund expenditure authority due to changes in the internal service rates charged by the bureaus.

TREASURY MANAGEMENT

The total budget within Treasury Management is \$505,101 in general funds and 5.2 FTE. This includes a decrease of \$1,521 in general funds due to changes in the capital outlay budget.

UNCLAIMED PROPERTY - INFORMATIONAL

The total recommended budget for Unclaimed Property is \$4,282,697 in other fund expenditure authority and 3.8 FTE. This includes an increase of \$1,369,520 in other fund expenditure authority to align the budget with anticipated expenditures within claim payments and audits.

INVESTMENT OF STATE FUNDS

The Governor is recommending an increase of \$402,092 in other fund expenditure authority within Investment of State Funds for the South Dakota Investment Council (SDIC). This is for personal services promotional development and salary

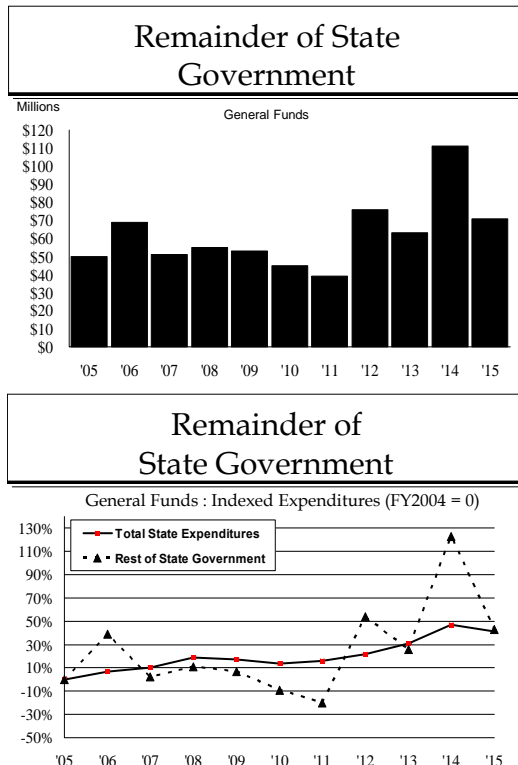
adjustments based on the SDIC's long-term compensation plan. The total recommended budget for the Investment of State Funds is \$6,970,852 in other fund expenditure authority and 30.0 FTE.

PERFORMANCE BASED COMPENSATION

The Governor is recommending an increase of \$4,624,945 in other fund expenditure authority within Performance Based Compensation for the SDIC. The total recommended budget for the Performance Based Compensation is \$8,334,651 in other fund expenditure authority.

REMAINDER OF STATE GOVERNMENT

The budgets included in this category are the Departments of Executive Management, Military, Veterans' Affairs, Revenue, Tourism, Tribal Relations, Transportation, Labor and Regulation, and Public Safety. General funds account for an increase of \$23.6 million out of the \$78.3 million in total ongoing increases. This budget represents an increase of \$68.7 million out of the \$159.2 million in total ongoing fund increases for FY2015. Included in this category is the Employee Compensation pool budgeted in Executive Management, totaling \$20.3 million in general funds and \$53.8 million in total funds. In terms of the total ongoing state budget, this category is 4.8% of the general funds and 25.2% of the total ongoing funds, which amounts to \$1.1 billion in total ongoing funding.



EXECUTIVE MANAGEMENT

The Governor's recommendation for the Department of Executive Management includes increases of \$22,764,881 in general funds, \$10,009,524 in federal fund expenditure authority, \$27,985,090 in other fund expenditure authority, and 26.1 FTE. The total FY2015 budget includes \$50,861,016 in general funds, \$28,886,317 in federal fund expenditure authority, \$160,904,307 in other fund expenditure authority, and 809.6 FTE.

GOVERNOR'S OFFICE

The total recommended budget for the Governor's Office including the Lt. Governor is \$2,263,051 in general funds, \$268,114 in federal fund expenditure authority, and 22.0 FTE. An increase of \$11,074 in general funds is due to changes in the internal service rates charged by the bureaus.

OFFICE OF ECONOMIC DEVELOPMENT

The Governor's total recommended FY2015 budget for this agency is \$6,288,373 in general funds, \$13,852,159 in federal fund expenditure authority, \$41,790,022 in other fund expenditure authority, and 140.6 FTE. Increases of \$4,895 in general funds, \$388 in federal fund expenditure authority, and \$1,388 in other fund expenditure authority are recommended due to changes in the internal service rates charged by the bureaus.

The Governor's total recommended budget for the Office of Economic Development is \$2,431,420 in general funds, \$11,663,319 in federal fund expenditure authority, \$21,199,048 in other fund expenditure authority, and 40.6 FTE.

The Governor is recommending a total budget of \$3,856,953 in general funds, \$500,000 in other fund expenditure authority, and 2.0 FTE for the Office of Research Commerce.

The total recommended FY2015 South Dakota Housing Development Authority budget consists of \$2,188,840 in federal fund expenditure authority, \$8,119,902 in other fund expenditure authority, and 65.0 FTE. This includes an increase of \$50,000 in other fund expenditure authority due to increased insurance costs.

The total recommended FY2015 budget for the South Dakota Science and Technology Authority is \$6,418,623 in other fund expenditure authority and 33.0 FTE. Increases of 4.6 FTE and \$2,109,185 in other fund expenditure authority are to reflect anticipated expenses on the Ross Shaft rehabilitation.

The Governor is recommending a total budget of \$58,269 in other fund expenditure authority for the South Dakota Energy Infrastructure Authority.

The total recommended FY2015 budget for the South Dakota Ellsworth Development Authority budget is \$594,180 in other fund expenditure authority. Included in this is an increase of \$387,673 in other fund expenditure authority and decreases of \$180,073 in federal fund expenditure authority and 2.5 FTE to reflect anticipated expenditures.

The total other fund expenditure authority budget recommended for the Building South Dakota program in this agency is \$4,900,000. This includes \$350,000 for the Revolving Economic Development and Initiative (REDI) Fund, \$1,750,000 for the Local Infrastructure Improvement Grant Fund, \$1,050,000 for the Economic Development Partnership Fund, and \$1,750,000 for the Housing Opportunity Fund.

BUREAU OF FINANCE AND MANAGEMENT

The total recommended FY2015 budget is \$26,244,106 in general funds, \$11,459,152 in federal fund expenditure authority, \$30,585,288 in other fund expenditure authority, and 40.0 FTE. This includes increases of \$20,365,018 in general funds, \$11,268,386 in federal fund expenditure authority, \$22,739,103 in other fund expenditure authority, and 4.0 FTE. Included are increases of 1.0 FTE and \$72,331 in other fund expenditure authority for a financial systems accountant. Increases of 3.0 FTE and \$233,306 in other fund expenditure authority are recommended for an aggressive initiative to complete the comprehensive annual financial reports within a required 6-month timeframe. A general fund increase of \$30,000 is attributable to the Bureau of Finance and Management's sale/leaseback payment schedule. Also, increases of \$1,356 in general funds and \$53,422 in other fund expenditure authority are recommended due to changes in the internal service rates charged by the bureaus.

The Governor recommends net increases to the employee compensation pool for state employees of \$20,333,662 in general funds, \$11,268,386 in federal fund expenditure authority, and \$22,221,974 in other fund expenditure authority. An increase of \$282,636 in other fund expenditure authority is recommended for the Computer Services and Development pool. Decreases in other fund expenditure authority of \$17,337 for the Conservation Reserve Enhancement Program and \$145,809 for the SD Building Authority, along with increases of \$21,872 for the Health and Educational Facilities Authority and \$16,708 for the Education Enhancement Funding Corporation, are to align the budgets with anticipated expenditures.

BUREAU OF ADMINISTRATION

The Governor recommends increases of \$2,377,463 in general funds and \$1,026,335 in other fund expenditure authority. This recommendation includes increases of \$3,072,198 in general funds and \$150,000 in other fund expenditure authority for maintenance and repair (M&R) of state buildings. This is the second year of a four year plan to reach an M&R budget which is 2% of the replacement value of the buildings. Decreases of \$695,768 in general funds and \$1,444 in other fund expenditure authority are for the sale/leaseback payments. Since the State fleet is replacing older deteriorated vehicles with new vehicles, an increase of \$860,000 in other fund expenditure authority is necessary. One FTE is being removed from Central Services with a corresponding increase in the State Engineer's Office. Also, increases of \$1,033 in general funds and \$17,779 in other fund expenditure authority are recommended due to changes in the internal service rates charged by the bureaus. The FY2015 recommended budget is \$9,327,361 in general funds, \$500,000 in federal fund expenditure authority, \$30,999,119 in other fund expenditure authority, and 163.0 FTE.

BUREAU OF INFORMATION AND TELECOMMUNICATIONS

The Governor recommends increases of \$5,635 in general funds, \$1,649,868 in other fund expenditure authority, and 20.0 FTE, along with a decrease of \$1,079,417 in federal fund expenditure authority. Increases of \$761,246 in other fund expenditure authority and 9.0 FTE are to restart implementation of the Department of Social Services MEDx system. Recommended increases of \$688,698 in other fund expenditure authority and 9.0 FTE are for additional specialty application developers. An additional 2.0 FTE and \$94,036 in other fund expenditure authority are for SD Public Broadcasting digital production editors. Since the State has received the Public Safety Broadband Network grant, an increase of \$410,000 in federal fund expenditure authority is recommended. Increases of \$5,635 in general funds, \$10,583 in federal fund expenditure authority, and \$105,888 in other fund expenditure authority are recommended due to changes in the internal service rates charged by the bureaus. A decrease of \$1,500,000 in federal fund expenditure authority is related to the completion of the American Recovery and Reinvestment Act Broadband Mapping grant. The Governor's total recommended FY2015 budget for the Bureau of Information and Telecommunications is \$6,486,016 in general funds, \$2,305,927 in federal fund expenditure authority, \$42,121,004 in other fund expenditure authority, and 373.5 FTE.

BUREAU OF HUMAN RESOURCES

The Governor's recommended changes for the Bureau of Human Resources includes increases of \$796 in general funds, \$240 in federal fund expenditure authority, and \$21,538 in other fund expenditure authority. These are due to changes in the internal service rates charged by the bureaus. The total FY2015 budget consists of \$252,109 in general funds, \$500,965 in federal fund expenditure authority, \$15,408,874 in other fund expenditure authority, and 70.5 FTE.

MILITARY

The Governor's FY2015 budget recommendation for the Department of Military includes \$3,694,243 in general funds, \$17,775,850 in federal fund expenditure authority, \$27,705 in other fund expenditure authority, and 104.4 FTE. The budget reflects increases of \$410,462 in general funds, \$1,800,372 in federal fund expenditure authority, and \$58 in other fund expenditure authority, and a decrease of 1.0 FTE. Increases of \$1,649 in general funds, \$3,876 in federal fund expenditure authority, and \$58 in other expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus.

OFFICE OF THE ADJUTANT GENERAL

The Governor's FY2015 budget recommendation for the Office of the Adjutant General includes \$898,425 in general funds, \$10,306 in federal fund expenditure authority, \$27,647 in other fund expenditure authority, and 5.3 FTE. Included are decreases of \$62,686 in general funds and 1.0 FTE as it is being moved to the Department of Veterans' Affairs.

ARMY GUARD

The Governor's recommendation for the Army Guard includes increases of \$429,672 in general funds, \$1,720,803 in federal fund expenditure authority, and \$58 in other fund expenditure authority. The Governor is recommending increases of \$429,672 in general funds and \$1,720,803 in federal fund expenditure authority for statewide maintenance and repair (M&R) on South Dakota National Guard armories. This is the second year of a four year plan to reach an M&R budget which is 2% of the replacement value of the buildings. The overall FY2015 budget for the Army Guard Division is \$15,052,026 in total funds and 52.1 FTE.

AIR GUARD

The Governor's FY2015 budget recommendation is \$401,339 in general funds and \$5,108,055 in federal fund expenditure authority. The overall FY2015 budget for the Air Guard Division is \$5,509,394 in total funds and 47.0 FTE.

VETERANS' AFFAIRS

The Governor's FY2015 budget recommendation for the Department of Veterans' Affairs includes \$3,653,115 in general funds, \$1,068,882 in federal fund expenditure authority, and \$5,618,518 in other fund expenditure authority, for a total of \$10,340,515 and 105.7 FTE. This budget recommendation consists of increases of \$68,661 in general funds, \$337 in federal fund expenditure authority, \$940,566 in other fund expenditure authority, and 1.0 FTE. Increases of \$3,162 in general funds, \$337 in federal fund expenditure authority, and \$661 in other expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus.

VETERANS' BENEFITS AND SERVICES

The recommended FY2015 budget for Veterans' Benefits and Services is \$1,345,362 in general funds, \$256,600 in federal fund expenditure authority, \$61,000 in other fund expenditure authority and 21.0 FTE. Included in this budget recommendation are increases of \$62,686 in general funds and 1.0 FTE that is being moved from the Department of Military. The overall FY2015 budget for Veterans' Benefits and Services is \$1,662,962 in total funds and 20.0 FTE.

STATE VETERANS' HOME

The Governor's recommendation for the State Veterans' Home includes increases of \$2,065 in general funds and \$940,566 in other fund expenditure authority. The Governor is recommending an increase of \$982,703 of other fund expenditure authority for projects relating to the new State Veterans' Home in Hot Springs. The overall FY2015 budget for the State Veterans' Home is \$8,677,553 in total funds and 85.7 FTE.

REVENUE

The Governor's recommended FY2015 budget for the Department of Revenue totals \$71,260,812, consisting of \$1,117,713 in general funds, \$68,241,552 in other fund expenditure authority, and 247.5 FTE. Increases include \$490 in general funds and \$23,753 in other fund expenditure

authority throughout the department due to changes in the internal service rates charged by the bureaus. The Governor is recommending total increases of \$490 in general funds, \$1,901,547 in other fund expenditure authority, and 1.0 FTE for the Department.

SECRETARIAT

The total FY2015 Governor's recommended budget for the Secretariat division consists of \$3,430,571 in other fund expenditure authority and 28.0 FTE. An increase of \$77,794 in other fund expenditure authority and 1.0 FTE is for an additional staff attorney to address the increase in the number of complex cases the department has experienced.

BUSINESS TAX

The total FY2015 Governor's recommended budget for Business Tax consists of \$4,112,343 in other fund expenditure authority and 57.5 FTE.

MOTOR VEHICLES

The total FY2015 Governor's recommended budget for Motor Vehicles consists of \$7,186,858 in other fund expenditure authority and 46.0 FTE. An increase of \$1,800,000 in other fund expenditure authority will pay for costs related to the new license plate production.

PROPERTY AND SPECIAL TAXES

The total FY2015 Governor's recommended budget for Property and Special Taxes consists of \$1,117,713 in general funds and 14.0 FTE.

AUDITS

The total FY2015 Governor's recommended budget consists of \$4,128,596 in other fund expenditure authority and 55.0 FTE.

LOTTERY

The total FY2015 Governor's recommended budget for Lottery is \$40,732,775 of other fund expenditure authority and 31.0 FTE.

COMMISSION ON GAMING – INFORMATIONAL

The total FY2015 Governor's recommended budget for the Commission on Gaming is \$10,551,956 in other fund expenditure authority and 16.0 FTE.

TOURISM

The Governor's recommended budget for the Department of Tourism consists of \$1,867,757 in general funds, \$1,783,688 in federal fund expenditure authority, \$17,043,689 in other fund expenditure authority, and 72.0 FTE. The recommended changes include increases of \$25,863 in general funds, \$1,784 in federal fund expenditure authority, and \$375,264 in other fund expenditure authority. Included are increases of \$25,863 in general funds, \$1,784 in federal fund expenditure authority, and \$8,268 in other fund expenditure authority throughout the department due to changes in the internal service rates charged by the bureaus.

TOURISM

The Tourism budget is funded by revenues generated from Deadwood Gaming, a gross receipts tax on hotel rooms and other tourist activities, and the Co-op Revolving Fund. The Governor recommends an increase of \$372,711 in other fund expenditure authority due to anticipated increases in revenue. The total FY2015 recommended budget consists of \$13,561,406 in other fund expenditure authority and 25.0 FTE.

ARTS

The total recommended FY2015 Arts budget consists of \$878,000 in federal fund expenditure authority, \$806,023 in other fund expenditure authority, and 3.0 FTE.

HISTORY

The total recommended FY2015 History budget consists of \$1,867,757 in general funds, \$905,688 in federal fund expenditure authority, \$2,676,260 in other fund expenditure authority, and 44.0 FTE.

TRIBAL RELATIONS

The Governor's recommended change to the FY2015 budget consists of an increase of \$24,779 in general funds. This includes an increase of \$12,150 in general funds related to travel to tribal reservations. Also included is an increase of \$3,300 in general funds due to an increase in office rent. In order to pay for the expenses of the SD Board of Geographic Names, an additional \$5,580 in general funds is recommended. An increase of \$1,500 in general funds is recommended to provide honorariums to Lakota speakers who assist Department staff. An increase of \$2,249 in general funds is due to changes in the internal service rates charged by the bureaus. The total recommended

FY2015 budget for the Department of Tribal Relations budget is \$419,017 in general funds, \$100,000 in federal fund expenditure authority, \$100,000 in other fund expenditure authority, and 5.0 FTE.

TRANSPORTATION

The recommended FY2015 budget for the Department of Transportation contains \$502,391 in general funds, \$380,216,339 in federal fund expenditure authority, \$216,565,936 in other fund expenditure authority, and 1,026.3 FTE. The FY2015 budget includes an increase of \$1,320,688 in other fund expenditure authority.

GENERAL OPERATIONS

The Governor's total FY2015 recommended budget for General Operations includes \$502,391 in general funds, \$33,147,466 in federal fund expenditure authority, \$140,471,651 in other fund expenditure authority, and 1,026.3 FTE. This includes an increase of \$1,001,700 in other fund expenditure authority for depreciable equipment. Also included is an increase of \$141,616 in other fund expenditure authority for road salts. A decrease of \$63,348 in other fund expenditure authority is to align the road oil and asphalt budget with anticipated expenditures. An increase of \$124,148 in other fund expenditure authority is based on overall utility usage. An increase of \$116,572 in other fund expenditure authority is due to changes in the internal service rates charged by the bureaus.

CONSTRUCTION CONTRACTS - INFORMATIONAL

No changes are recommended in the Construction Contracts budget. The total budget for Construction Contracts is \$423,163,158, consisting of \$347,068,873 in federal fund expenditure authority and \$76,094,285 in other fund expenditure authority. The Construction Contracts division makes up 71% of the Department of Transportation's budget.

LABOR & REGULATION

The Governor's FY2015 recommendation for the Department of Labor and Regulation is \$1,253,876 in general funds, \$36,567,544 in federal fund expenditure authority, \$9,193,450 in other fund expenditure authority, and 2.0 FTE. The overall FY2015 budget for the Department Labor and Regulation is \$47,014,870 in total funds and 484.7 FTE. Increases of \$677 in general funds, \$22,481 in federal fund expenditure authority, and \$11,510 in

other expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus.

ADMINISTRATION

The recommended budget is \$605,033 in general funds, \$18,748,612 in federal fund expenditure authority, and \$232,066 in other fund expenditure authority. Included in this recommendation is an increase of \$325,000 in general funds due to a reduction of the Adult Education and Literacy grants. The FY2015 budget for Administration is \$19,585,711 in total funds and 53.5 FTE.

UNEMPLOYMENT INSURANCE

The recommended FY2015 budget is \$5,400,822 in federal fund expenditure authority and 92.0 FTE.

EMPLOYMENT SERVICES

The recommended budget is \$11,249,247 in federal fund expenditure authority and 184.0 FTE.

STATE LABOR LAW ADMINISTRATION

The total recommended budget is \$648,843 in general funds, \$436,988 in federal fund expenditure authority, \$463,976 in other fund expenditure authority, and 19.0 FTE.

PROFESSIONAL AND OCCUPATIONAL LICENSING - INFORMATIONAL

This division is comprised of the informational budgets of the professional and occupational licensing boards. FY2014 had eight boards with a total recommended budget of \$3,438,661 in other fund expenditure authority and 43.0 FTE. The boards include: Board of Accountancy, Board of Barber Examiners, Cosmetology Commission, Plumbing Commission, Board of Technical Professions, the Electrical Commission, the Abstractors Board of Examiners, and the Real Estate Commission. The Governor's FY2015 recommendation for the Boards and Commissions is to add The South Dakota Athletic Commission and other fund authority of \$55,000. The total recommended budget is \$3,619,325 in other fund expenditure authority and 43.0 FTE.

BANKING

The recommended FY2015 budget is \$2,315,983 in other fund expenditure authority and 24.5 FTE.

SECURITIES

The FY2015 recommended budget consists of \$471,260 in other fund expenditure authority and 5.7 FTE.

INSURANCE

The Governor's FY2015 budget recommendation for Insurance Division includes an increase of \$125,863 federal fund expenditure authority, \$114,134 in other fund expenditure authority, and 2.0 FTE. These increases represent an actuary and an attorney to fulfill the requirements of the Affordable Care Act. The recommended FY2015 budget consists of \$731,875 in federal fund expenditure authority, \$2,090,840 in other fund expenditure authority, and 30.0 FTE. The overall FY2015 budget for Insurance is \$2,822,715 in total funds and 30.0 FTE.

SOUTH DAKOTA RETIREMENT SYSTEM

The Governor's FY2015 recommended budget for the South Dakota Retirement System is \$4,034,227 in other fund expenditure authority and 33.0 FTE. Included in this recommendation is an increase of \$189,351 in other fund expenditure authority to publish the Quadrennial Report, required by SDCL 3-12-118, and postage. An increase of \$4,351 in other expenditure authority is recommended due to changes in the internal service rates charged by the bureaus.

PUBLIC SAFETY

The Governor's FY2015 budget recommendation for the Department of Public Safety includes \$3,688,232 in general funds, \$23,088,263 in federal fund expenditure authority, and \$34,390,362 in other fund expenditure authority, for \$61,166,857 in total funds and 418.0 FTE. Increases of \$5,874 in general funds, \$15,959 in federal fund expenditure authority, and \$37,883 in other expenditure authority are recommended throughout the department due to changes in the internal service rates charged by the bureaus.

ADMINISTRATION

The Governor's FY2015 budget recommendation for Administration is \$12,474 in general funds, \$136,253 in federal fund expenditure authority, and \$681,741 in other fund expenditure authority. The FY2015 budget for Administration is \$945,441 in total funds and 8.5 FTE.

HIGHWAY PATROL

The Division of Highway Patrol includes the South Dakota Highway Patrol, Accident Records, Highway Safety, and State Radio. The Governor is recommending increases of \$2,033 in general funds, \$10,415 in federal fund expenditure authority, and \$196,804 in other fund expenditure authority. The Governor is recommending the increase of federal fund expenditure authority and other fund expenditure authority due to the worker's compensation rate increasing for Highway Patrol. The FY2015 recommendation includes \$1,280,117 in general funds, \$7,727,617 in federal fund expenditure authority, and \$21,136,513 in other fund expenditure authority. The overall FY2015 budget for Highway Patrol is \$30,144,247 in total funds and 277.0 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 is recommending increases of \$3,671 in general funds, \$11,210 in federal fund expenditure authority, and \$120 in other fund expenditure authority. The FY2015 budget recommendation for the Division of Emergency Services and Homeland Security includes \$1,588,243 in general funds, \$15,130,342 in federal fund expenditure authority, and \$313,447 in other fund expenditure authority. The overall FY2015 budget for Division of Emergency Services and Homeland Security is \$17,032,032 in total funds and 36.0 FTE.

LEGAL AND REGULATORY SERVICES

The Division of Legal and Regulatory Services includes Weights and Measures, Driver Licensing, and Inspections. The FY2015 recommended budget includes \$692,398 in general funds, \$94,051 in federal fund expenditure authority, and \$7,360,144 in other fund expenditure authority. The Governor's recommending increases of \$14,889 in general funds, \$1,488 of federal fund expenditure authority, and \$48,564 in other fund expenditure authority. The general fund increase is due to increased fees in Weights and Measures to cover projected costs. Also included in this recommendation is \$29,038 in other fund expenditure authority due to increased rent at Driver License exam stations in Sioux Falls, Watertown, and Vermillion. The overall FY2015 budget for Legal and Regulatory Services is \$8,146,593 in total funds and 95.5 FTE.

911 COORDINATION BOARD - INFORMATIONAL

The FY2015 budget for the 911 Coordination Board is \$4,898,544 in other fund expenditure authority. The only increase was \$267 in other fund expenditure authority.

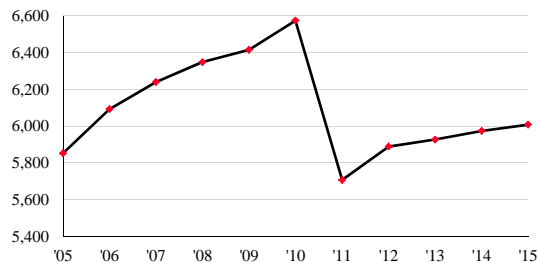
FTE CHANGE

FTE History All of State Government



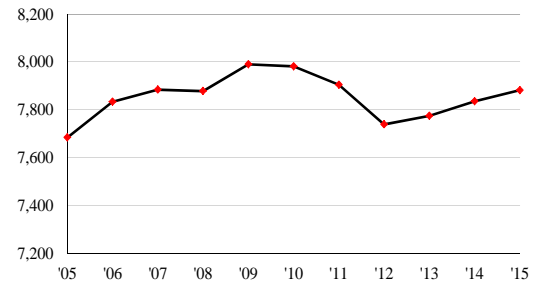
The total appropriated FTE increased from 13,535.2 in FY2005 to a recommended level of 13,890.9 for FY2015. This is an increase of 355.7 FTE, or 2.6%, over the decade. The recommended change in ongoing FTE for FY2015 is an increase of 64.6 across state government.

FTE History for Offices Outside Control of Governor



For offices outside the control of the Governor, total appropriated FTE grew from 5,852.7 in FY2005 to a recommended level of 6,008.8 for FY2015. This is an increase of 156.1 FTE, or 2.7%, over the decade. The recommended changes for these offices in the FY2015 budget are a net increase of 26.4 FTE. This includes increases of 14.4 FTE for the Board of Regents, 8.0 FTE within the Unified Judicial System, 3.0 FTE in the Department of Legislative Audit, 1.0 FTE in the Office of the Attorney General, 1.0 FTE in the Public Utilities Commission, and a decrease of 1.0 FTE in the Office of the State Auditor.

FTE History for Offices Under Control of Governor



The agencies under direct control of the Governor had total appropriated FTE of 7,682.5 in FY2005. The FY2015 budget recommendation brings the FTE to a level of 7,882.1. This is an increase of 199.6 FTE, or 2.6%, over the decade. The recommended increase of 38.2 FTE in the FY2015 budget includes increases of 20.0 FTE in the Bureau of Information and Telecommunications, 4.6 FTE in the SD Science and Technology Authority, 4.0 FTE in the Department of Social Services, 4.0 FTE in the Bureau of Finance and Management, 3.0 FTE in the Department of Corrections, 2.0 FTE in the Department of Labor and Regulation, 1.1 FTE in the Department of Agriculture, 1.0 FTE in the Department of Game, Fish and Parks, 1.0 FTE in the Department of Revenue, and 1.0 FTE in the Department of Veterans' Affairs, and decreases of 2.5 FTE in the SD Ellsworth Authority and 1.0 FTE in the Department of the Military.

SUMMARY OF RECOMMENDED REORGANIZATIONS

REVENUE

A reorganization occurred in the Department of Revenue. The budget reorganization moved the collections function of the department from the Administrative Service division to the Business Tax division.

SPECIAL APPROPRIATION RECOMMENDATIONS

FY2015 EXPENDITURE TRANSFERS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Need-based Grant Fund		\$ 54,826			\$ 54,826
Critical Teaching Needs Fund		\$ 54,826			\$ 54,826
TOTAL FY2015 EXPENDITURE TRANSFERS		\$ 109,652	\$ -	\$ -	\$ 109,652

NOTE: FY2015 expenditure transfers become available for expenditure on July 1, 2014, and are included in the FY2015 column of the General Fund Condition Statement.

Governor Daugaard is recommending total expenditure transfers of \$109,652 in general funds. The following paragraphs highlight each recommended expenditure transfer.

- ◆ **Need-based Grant Fund:** The Governor is recommending \$54,826 in general funds be transferred to the Need-based Grant Fund per SB237 that was passed by the 2013 Legislature.
- ◆ **Critical Teaching Needs Fund:** The Governor is recommending \$54,826 in general funds be transferred to the Need-based Grant Fund per SB233 that was passed by the 2013 Legislature.

FY2014 EMERGENCY SPECIAL APPROPRIATIONS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Extinguishing Debt		\$ 58,132,054			\$ 58,132,054
Prefund Building South Dakota		\$ 30,000,000			\$ 30,000,000
Cash vs. Borrowing for State Veterans' Home		\$ 16,365,044			\$ 16,365,044
Eliminate UAAL for Cement Plant Retirement Fund		\$ 5,598,495			\$ 5,598,495
SDSU Swine Facility construction		\$ 2,037,000			\$ 2,037,000
Public Safety Building construction		\$ 1,400,000		\$ 300,000	\$ 1,700,000
Missouri River Rail Bridge construction		\$ 1,200,000			\$ 1,200,000
Healthcare Provider Loan Fund		\$ 1,000,000			\$ 1,000,000
New South Dakotans/Dakota Roots		\$ 500,000			\$ 500,000
Tax Refunds for Elderly and Disabled Persons		\$ 450,000			\$ 450,000
Mountain Pine Beetle treatment		\$ 350,000			\$ 350,000
Watertown Armory		\$ 151,768			\$ 151,768
Rural Healthcare Recruitment Assistance Program		\$ 94,167			\$ 94,167
Water Omnibus bill			\$ 200,000	\$ 16,650,000	\$ 16,850,000
Conservation grant				\$ 500,000	\$ 500,000
TOTAL FY2014 EMERGENCY SPECIAL APPROPRIATIONS	0.0	\$ 117,278,528	\$ 200,000	\$ 17,450,000	\$ 134,928,528

NOTE: FY2014 emergency special appropriations become available for expenditure upon passage of the bill and are included in the FY2014 column of the General Fund Condition Statement.

Governor Dugaard is recommending total emergency special appropriations of \$117,278,528 in general funds, \$200,000 in federal fund expenditure authority, and \$17,450,000 in other fund expenditure authority. The following paragraphs highlight each recommended emergency special appropriation.

- ◆ **Extinguishing Debt:** The Governor is recommending \$58,132,054 in general funds to pay off the bond payment debt remaining on the following facilities: the Division of Criminal Investigation Building (\$6,040,293), the Human Services Center (HSC) (\$11,018,853), the Board of Regents Science Research Facilities (\$32,465,540), and the HSC Dietary Building (\$8,607,368).
- ◆ **Prefund Building South Dakota:** The Governor is recommending \$30,000,000 in general funds to provide a \$10 million transfer each year to the Building South Dakota fund for FY2015, FY2016, and FY2017, thus removing the need for ongoing funding for these years.
- ◆ **Cash vs. Borrowing for State Veterans' Home:** The Governor is recommending \$16,365,044 in general funds for the Department of Veterans' Affairs for the construction of the new State Veterans' Home.
- ◆ **Eliminate Unfunded Actuarial Accrued Liability for Cement Plant Retirement Fund:** The Governor is recommending \$5,598,495 in general funds to pay off the unfunded actuarial accrued liability in the Cement Plant Retirement Fund.
- ◆ **SDSU Swine Facility construction:** The Governor is recommending an increase of \$2,037,000 in general funds to assist in funding the swine teaching and research facilities at South Dakota State University.
- ◆ **Public Safety Building construction:** The Governor is recommending \$1,400,000 in general funds and \$300,000 in other fund expenditure authority for the Department of Public Safety to build a Public Safety building in Rapid City.
- ◆ **Missouri River Rail Bridge construction:** The Governor is recommending \$1,200,000 in general funds to repair the railroad bridge over the Missouri River at Chamberlain, which is imperative for the further build out of rail west of Chamberlain.
- ◆ **Healthcare Provider Loan Fund:** The Governor is recommending \$1,000,000 for the Healthcare Provider Loan Fund to allow for healthcare facilities to make investments in infrastructure.
- ◆ **New South Dakotans/Dakota Roots:** The Governor is recommending \$500,000 in general funds for the Dakota Roots program to attract out-of-state citizens to live and work in South Dakota.
- ◆ **Tax Refunds for Elderly and Disabled Persons:** The Governor is recommending \$450,000 in general funds for tax refunds for elderly and disabled individuals who meet income guidelines.
- ◆ **Mountain Pine Beetle treatment:** The Governor is recommending \$350,000 in general funds for the Fire Suppression Fund for pine beetle suppression on state lands within the Black Hills.
- ◆ **Watertown Armory:** The Governor is recommending \$151,768 in general funds for the Department of Military to purchase 25.6 acres from the Department of Transportation. This purchase would provide a new Unit Training and Equipment Site for the existing armory.
- ◆ **Rural Healthcare Recruitment Assistance Program:** The Governor is recommending \$94,167 in general funds to reimburse one participant who has complied with the requirements of the Rural Healthcare Recruitment Assistance program per SDCL 34-12G.

- ◆ **Water Omnibus bill:** The Governor is recommending \$200,000 in federal fund expenditure authority and \$16,650,000 in other fund expenditure authority for water development, solid waste, and water quality improvement projects throughout the state.
- ◆ **Conservation grant:** The Governor is recommending \$500,000 in other fund expenditure authority for the continued assistance of promoting conservation practices to reduce erosion, improve cropland and grazing conditions, improve surface water, and enhance habitat.

FY2014 GENERAL BILL AMENDMENTS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
State Employee Health Insurance shortfall		\$ 8,778,258	\$ 5,051,180	\$ 9,489,517	\$ 23,318,955
State Employee Health Insurance reserve		\$ 1,145,433	\$ 659,460	\$ 1,238,909	\$ 3,043,802
BOR Health Insurance tuition shortfall		\$ 2,600,000			\$ 2,600,000
Correctional Healthcare shortfall		\$ 2,000,000		\$ 2,000,000	\$ 4,000,000
Revised Utility projections		\$ 780,243	\$ 175,286	\$ 23,615	\$ 979,144
Internal Service rates		\$ 743,113	\$ 531,188	\$ 883,966	\$ 2,158,267
K-12 Technology upgrades		\$ 600,000			\$ 600,000
DOE E-grant system		\$ 500,000			\$ 500,000
BOR CAFR Technology upgrades		\$ 235,250			\$ 235,250
DOE Teacher Evaluation		\$ 194,360			\$ 194,360
DOH Infant Mortality Initiative		\$ 100,000			\$ 100,000
Black Hills Playhouse Wastewater reduction		\$ 47,000			\$ 47,000
BOR South Dakota Opportunity Scholarship funding		\$ 41,833			\$ 41,833
DOR Productivity study		\$ 37,500			\$ 37,500
DOE State Aid revision		\$ (5,874,773)			\$ (5,874,773)
DSS Medicaid Eligibles revision		\$ (6,086,570)	\$ (7,820,222)		\$ (13,906,792)
BOR NSU Federal Title III grant	4.0		\$ 320,000		\$ 320,000
BFM Financial Systems Accountant	0.5				\$ -
TOTAL FY2014 GENERAL BILL AMENDMENTS	4.5	\$ 5,841,647	\$ (1,083,108)	\$ 13,636,007	\$ 18,394,546

NOTE: FY2014 general bill amendments are changes needing to be made to the FY2014 General Appropriations Act and are included in the FY2014 column of the General Fund Condition Statement.

Governor Daugaard is recommending total general bill amendments of \$5,841,647 in general funds, (\$1,083,108) in federal fund expenditure authority, \$13,636,007 in other fund expenditure authority, and 4.5 FTE. The following paragraphs highlight the recommended changes to the FY2014 General Bill.

- ◆ **State Employee Health Insurance shortfall:** The Governor is recommending \$8,778,258 in general funds, \$5,051,180 in federal fund expenditure authority, and \$9,489,517 in other fund expenditure authority to pay for increased healthcare costs.
- ◆ **State Employee Health Insurance reserve:** The Governor is recommending \$1,145,433 in general funds, \$659,460 in federal fund expenditure authority, and \$1,238,909 in other fund expenditure authority to create a reserve in the State Employee Health Insurance program.
- ◆ **BOR Health Insurance tuition shortfall:** The Governor is recommending an increase of \$2,600,000 in general funds to help pay for the Board of Regents tuition portion of the increased state employee health insurance costs for FY2014.
- ◆ **Correctional Healthcare shortfall:** The Governor is recommending \$2,000,000 in general funds to cover the shortfall in Correctional Health due to costs associated with significant inmate healthcare events.
- ◆ **Revised Utility projections:** The Governor is recommending \$780,243 in general funds, \$175,286 in federal fund expenditure authority, and \$23,615 in other fund expenditure authority due to utility costs being higher than originally projected.
- ◆ **Internal Service rates:** The Governor is recommending increases of \$743,113 in general funds, \$531,188 in federal fund expenditure authority, and \$883,966 in other fund expenditure authority throughout State Government due to increases in internal service rates charged by the bureaus. These rates are increasing due to increases in health insurance rates, utilities projections, and anticipated operating expenses.
- ◆ **K-12 Technology upgrades:** The Governor is recommending \$600,000 in general funds to upgrade servers and other infrastructure at the K-12 data center to support the technology in schools budget.
- ◆ **DOE E-grant system:** The Governor is recommending \$500,000 in general funds to purchase a new E-grant system in the Department of Education which is used to manage federal grants with the K-12 schools and will assist in the completion of the annual financial reports within a required 6-month time frame.
- ◆ **BOR CAFR Technology upgrades:** The Governor is recommending \$235,250 in general funds for technology upgrades to assist with an aggressive initiative to complete the comprehensive annual financial reports within a required 6-month time frame.
- ◆ **DOE Teacher Evaluation:** The Governor is recommending \$194,360 in general funds to pay for additional costs of the teacher evaluation software due to higher demand from the school districts throughout the state.
- ◆ **DOH Infant Mortality Initiative:** The Governor is recommending \$100,000 in general funds for the Safe Sleep/Cribs for Kids program.
- ◆ **Black Hills Playhouse Waste Water reduction:** The Governor is recommending \$47,000 in general funds to reduce waste water generated at the Black Hills Playhouse, which is overloading the Game, Fish, & Parks owned leaching system.
- ◆ **BOR South Dakota Opportunity Scholarship funding:** The Governor is recommending \$41,833 in general funds to fund the projected shortfall in the South Dakota Opportunity Scholarship.

- ◆ **DOR Productivity study:** The Governor is recommending \$37,500 to pay for transitional costs of the agriculture productivity study that is conducted by SDSU each year per state law.
- ◆ **DOE State Aid revision:** The Governor is recommending a decrease of \$5,874,773 in general funds in state aid to general education due to actual property valuation growth being higher than budgeted in FY2014.
- ◆ **DSS Medicaid Eligibles revision:** The Governor is recommending decreases of \$6,086,570 in general funds and \$7,820,222 in federal fund expenditure authority due to updated projections which estimate fewer Medicaid eligibles than previously anticipated.
- ◆ **BOR NSU Federal Title III grant:** The Governor is recommending \$320,000 in federal fund expenditure authority and 4.0 FTE for a Title III grant that Northern State University was recently awarded.
- ◆ **BFM Financial Systems Accountant:** The Governor is recommending an increase of 0.5 FTE in the Bureau of Finance and Management for a Financial Systems Accountant.

FY2014 EXPENDITURE TRANSFERS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Correctional Healthcare reserve		\$ 1,500,000			\$ 1,500,000
TOTAL FY2014 EXPENDITURE TRANSFERS	0.0	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000

NOTE: FY2014 expenditure transfers are included in the FY2014 column of the General Fund Condition Statement.

Governor Daugaard is recommending total expenditure transfers of \$1,500,000 in general funds. The following paragraph highlights the recommended expenditure transfer.

- ◆ **Correctional Healthcare reserve:** The Governor is recommending \$1,500,000 in general funds to establish a reserve within Correctional Health for costs associated with significant inmate healthcare events.

GOVERNOR DAUGAARD'S RECOMMENDATION FOR STATE EMPLOYEE COMPENSATION PLAN

	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
ACROSS-THE-BOARD INCREASE AND MARKET ADJUSTMENTS: The Governor is recommending all permanent state employees receive a 3.0% cost-of-living/maket adjustment increase.	\$ 9,772,471	\$ 5,442,344	\$ 11,678,982	\$ 26,893,797
ADJUSTMENT TOWARD JOB WORTH: The Governor is recommending the Performance and Compensation Equity (PACE) system established in FY1990 be continued to include 3.0% adjustments to employees who are paid under the job worth of their pay range.	\$ 2,797,040	\$ 1,346,040	\$ 1,828,378	\$ 5,971,458
PAY FOR PERFORMANCE: The Governor is recommending 0% to 4.5% performance-based adjustments to employees in the Career Band families established in FY2010.	\$ 585,673	\$ 544,366	\$ 1,587,957	\$ 2,717,996
TARGETED COMPENSATION ADJUSTEMENTS: Following a total compensation market analysis study, compensation adjustments are being recommended for a small number of mostly vocational jobs that are below market, experiencing high turnover, a decline in applicants, or are difficult to fill because of the nature of the work.	\$ 454,727	\$ 224,340	\$ 304,730	\$ 983,797
HEALTH INSURANCE INCREASE: The cost associated with the employer-paid portion of the state employee's health insurance plan for FY2015 is projected to increase by 18.6%.	\$ 6,756,462	\$ 3,902,062	\$ 7,286,652	\$ 17,945,176
TOTAL COST OF RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	\$ 20,366,373	\$ 11,459,152	\$ 22,686,699	\$ 54,512,224
REMAINING FY2014 COMPENSATION POOL:	<u>\$ (32,711)</u>	<u>\$ (190,766)</u>	<u>\$ (464,725)</u>	<u>\$ (688,202)</u>
TOTAL INCREASE FOR RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	\$ 20,333,662	\$ 11,268,386	\$ 22,221,974	\$ 53,824,022

For FY2015, the state employee compensation plan is recommended as a pool in the Bureau of Finance and Management.

**GOVERNOR'S FY2015 GENERAL FUND
BASE BUDGET RECOMMENDATIONS**

	FTE EXPANSION/ (REDUCTION)	GENERAL FUND EXPANSION/ (REDUCTION)	TOTAL GENERAL FUND RECOMMENDATION
GENERAL BILL			
Administration	0.0	2,377,463	9,327,361
Agriculture	1.1	468,952	6,400,419
Attorney General	1.0	(566,799)	9,396,827
Corrections	3.0	3,768,829	91,415,329
Education (Excluding State Aid and Postsecondary Education)	0.0	58,465	11,510,645
State Aid to Education		7,823,686	400,456,744
Postsecondary Vocational Education		2,570,792	24,125,334
Environment and Natural Resources	0.0	8,754	5,853,136
Finance and Management (excl emp comp pkg)	4.0	31,356	5,877,733
Employee Compensation Package		20,333,662	20,366,373
Game, Fish, and Parks	1.0	291,467	4,754,017
Gubernatorial Division (Excluding GOED)	0.0	11,074	2,263,051
Governor's Office of Economic Development	2.1	4,895	6,288,373
Health	0.0	201,959	7,653,375
Human Services	0.0	6,256,305	73,107,476
Information and Telecommunications	20.0	5,635	6,486,016
Labor and Regulation (Includes SD Retirement System)	2.0	325,677	1,253,876
Legislature	3.0	289,132	8,798,801
Military	(1.0)	410,462	3,694,243
Personnel	0.0	796	252,109
Public Safety	0.0	20,679	3,688,232
Public Utilities Commission	1.0	43,372	535,246
Regents	14.4	6,417,460	186,900,804
Revenue	1.0	490	1,117,713
School and Public Lands	0.0	1,001	515,956
Secretary of State	0.0	10,424	927,667
Social Services	4.0	26,432,506	452,564,433
State Auditor	(1.0)	(41,090)	1,151,980
State Treasurer (Including Investment Council)	0.0	(454)	505,101
Tourism & State Development	0.0	25,863	1,867,757
Transportation	0.0	0	502,391
Tribal Relations	0.0	24,779	419,017
Unified Judicial System	8.0	592,991	37,222,101
Veterans' Affairs	1.0	68,661	3,653,115
TOTAL FY2015 GENERAL BILL RECOMMENDATIONS	64.6	78,269,244	1,390,852,751
BREAKDOWN			
Executive Branch	38.2	40,783,993	697,686,766
Unified Judicial System and Other Elected Officials	12.0	339,651	61,316,730
State Aid		7,823,686	400,456,744
Postsecondary Vocational Education		2,570,792	24,125,334
Board of Regents	14.4	6,417,460	186,900,804
Employee Compensation Package		20,333,662	20,366,373
TOTAL FY2015 GENERAL BILL RECOMMENDATIONS	64.6	78,269,244	1,390,852,751

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2012	ACTUAL FY2013	REVISED FY2014	PROJECTED FY2015
RECEIPTS				
Sales and Use Tax	\$ 744,413,638	\$ 776,095,539	\$ 810,063,958	\$ 835,211,364
Property Tax Reduction Fund	102,441,742	107,261,166	108,053,338	110,176,855
Contractor's Excise Tax	82,991,355	84,466,868	89,532,268	94,819,513
Insurance Company Tax	65,076,133	70,291,028	73,988,534	77,463,340
Unclaimed Property Receipts	13,865,906	13,912,329	67,455,802	67,455,802
Bank Franchise Tax	29,688,991	17,537,046	16,986,127	17,492,588
Other	197,426,132	188,613,241	187,635,112	191,113,132
One-Time Receipts	26,326,591	29,931,989	77,880,389	-
Transfer from Budget Reserves	20,155,015	-	-	-
Transfer from Property Tax Reserves	-	-	19,626,221	-
Obligated Cash Carried Forward	-	75,655,964	25,216,171	-
TOTAL RECEIPTS	\$1,282,385,503	\$1,363,765,170	\$1,476,437,920	\$1,393,732,594
EXPENDITURES				
General Bill Excl. State Aid to Education	\$ 811,329,252	\$ 849,777,970	\$ 930,372,509	\$ 990,396,007
State Aid to Education	335,465,599	371,944,344	388,052,645	400,456,744
Special Appropriations	27,845,256	27,806,110	5,183,800	-
Emergency Special Appropriations	24,693,972	31,990,554	117,278,528	-
Continuous Appropriations	2,395,460	2,435,167	2,617,916	2,770,191
Expenditure Transfers	5,000,000	6,745,000	8,700,000	109,652
TOTAL EXPENDITURES	\$1,206,729,539	\$1,290,699,145	\$1,452,205,398	\$1,393,732,594
TRANSFERS				
Budget Reserve Fund	\$ -	\$ 47,849,854	\$ 24,232,522	\$ -
TOTAL TRANSFERS	\$ -	\$ 47,849,854	\$ 24,232,522	\$ -
Beginning Unobligated Cash Balance	\$ -	\$ -	\$ -	\$ -
Net (Receipts less Expend./Transfers)	\$ 75,655,964	\$ 25,216,171	\$ -	\$ -
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund	\$ (47,849,854)	\$ (24,232,522)	\$ -	\$ -
Cash Committed for Following Budget	(27,806,110)	(983,649)	-	-
Total Obligations Against Cash	(75,655,964)	(25,216,171)	-	-
Ending Unobligated Cash Balance	\$ -	\$ -	\$ -	\$ -

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 2012	ACTUAL FY 2013	BUDGETED FY 2014	REQUESTED FY 2015	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
FUNDING SOURCE:						
General Funds	\$ 1,146,794,851	\$ 1,221,722,313	\$ 1,312,583,507	\$ 1,375,117,450	\$ 1,390,852,751	\$ 78,269,244
Federal Funds	1,103,936,467	1,071,161,052	1,294,346,422	1,290,334,713	1,307,273,207	12,926,785
Other Funds	645,126,467	683,429,745	805,094,248	844,204,060	865,495,545	60,401,297
Total	<u>\$ 2,895,857,785</u>	<u>\$ 2,976,313,110</u>	<u>\$ 3,412,024,177</u>	<u>\$ 3,509,656,223</u>	<u>\$ 3,563,621,503</u>	<u>\$ 151,597,326</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 721,897,732	\$ 749,000,807	\$ 836,895,793	\$ 852,514,534	\$ 901,587,367	\$ 64,691,574
Operating Expenses	2,173,960,053	2,227,312,303	2,575,128,384	2,657,141,689	2,662,034,136	86,905,752
Total	<u>\$ 2,895,857,785</u>	<u>\$ 2,976,313,110</u>	<u>\$ 3,412,024,177</u>	<u>\$ 3,509,656,223</u>	<u>\$ 3,563,621,503</u>	<u>\$ 151,597,326</u>
Staffing Level FTE:	11,577.0	11,739.6	12,534.9	12,622.9	12,595.4	60.5

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2014	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
General Funds	\$ 139,621,891	\$ 2,879,843	(\$ 136,742,048)
Federal Funds	5,116,892	6,000,000	883,108
Other Funds	148,390,528	1,283,270	(147,107,258)
Total	<u>\$ 293,129,311</u>	<u>\$ 10,163,113</u>	<u>(\$ 282,966,198)</u>
Staffing Level FTE:	4.5	0.0	(4.5)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2014	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
General Funds	\$ 1,452,205,398	\$ 1,393,732,594	(\$ 58,472,804)
Federal Funds	1,299,463,314	1,313,273,207	13,809,893
Other Funds	953,484,776	866,778,815	(86,705,961)
Total	<u>\$ 3,705,153,488</u>	<u>\$ 3,573,784,616</u>	<u>(\$ 131,368,872)</u>
Staffing Level FTE:	12,539.4	12,595.4	56.0

INFORMATION BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2012	ACTUAL FY 2013	BUDGETED FY 2014	REQUESTED FY 2015	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
FUNDING SOURCE:						
General Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	395,946,103	380,960,819	383,748,735	384,729,939	384,738,724	989,989
Other Funds	309,458,906	336,545,624	311,241,595	317,743,667	317,899,397	6,657,802
Total	\$ 705,405,008	\$ 717,506,443	\$ 694,990,330	\$ 702,473,606	\$ 702,638,121	\$ 7,647,791
EXPENDITURE DETAIL:						
Personal Services	\$ 101,292,566	\$ 103,809,812	\$ 114,796,082	\$ 115,193,049	\$ 115,191,724	\$ 395,642
Operating Expenses	604,112,443	613,696,632	580,194,248	587,280,557	587,446,397	7,252,149
Total	\$ 705,405,008	\$ 717,506,443	\$ 694,990,330	\$ 702,473,606	\$ 702,638,121	\$ 7,647,791
Staffing Level FTE:	1,374.8	1,414.5	1,291.4	1,295.5	1,295.5	4.1

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
 South Dakota Athletic Commission
 Commission on Gaming
 American Dairy Association
 Wheat Commission
 Oilseeds Council
 Soybean Research and Promotion Council
 Brand Board
 Corn Utilization Council
 Board of Veterinary Medical Examiners
 South Dakota Pulse Crops Council
 South Dakota Housing Development Authority
 South Dakota Science and Technology Authority
 South Dakota Energy Infrastructure Authority
 South Dakota Ellsworth Development Authority
 Building South Dakota Fund
 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
 Educational Enhancement Funding Corporation

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 Speech-Language Pathology
 Board of Accountancy
 Board of Barber Examiners
 Cosmetology Commission
 Plumbing Commission
 Board of Technical Professions
 Electrical Commission
 Highway Construction Contracts
 911 Coordination Board
 Tuition and Fee Fund
 Army/Air National Guard
 Board of Counselor Examiners
 Board of Psychology Examiners
 Board of Social Work Examiners
 Board of Addiction and Prevention Professionals
 Regulated Response Fund
 Livestock Cleanup
 Public Utilities Commission Administration
 Grain Warehouse
 Fixed Utilities
 Pipeline Safety
 One-Call Notification Board
 State Bar Association
 Unclaimed Property Fund

TOTAL STATE GOVERNMENT BUDGET (Including Information Budgets)

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2012	ACTUAL FY 2013	BUDGETED FY 2014	REQUESTED FY 2015	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
FUNDING SOURCE:						
General Funds	\$ 1,146,794,851	\$ 1,221,722,313	\$ 1,312,583,507	\$ 1,375,117,450	\$ 1,390,852,751	\$ 78,269,244
Federal Funds	1,499,882,570	1,452,121,871	1,678,095,157	1,675,064,652	1,692,011,931	13,916,774
Other Funds	954,585,373	1,018,926,473	1,116,335,843	1,161,947,727	1,183,394,942	67,059,099
Total	<u>\$ 3,601,262,794</u>	<u>\$ 3,692,770,656</u>	<u>\$ 4,107,014,507</u>	<u>\$ 4,212,129,829</u>	<u>\$ 4,266,259,624</u>	<u>\$ 159,245,117</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 823,190,298	\$ 852,810,619	\$ 951,691,875	\$ 967,707,583	\$ 1,016,779,091	\$ 65,087,216
Operating Expenses	2,778,072,496	2,839,960,038	3,155,322,632	3,244,422,246	3,249,480,533	94,157,901
Total	<u>\$ 3,601,262,794</u>	<u>\$ 3,692,770,656</u>	<u>\$ 4,107,014,507</u>	<u>\$ 4,212,129,829</u>	<u>\$ 4,266,259,624</u>	<u>\$ 159,245,117</u>
Staffing Level FTE:	12,951.9	13,154.1	13,826.3	13,918.4	13,890.9	64.6

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2014	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
General Funds	\$ 139,621,891	\$ 2,879,843	(\$ 136,742,048)
Federal Funds	5,116,892	6,000,000	883,108
Other Funds	148,390,528	1,283,270	(147,107,258)
Total	<u>\$ 293,129,311</u>	<u>\$ 10,163,113</u>	<u>(\$ 282,966,198)</u>
Staffing Level FTE:	4.5	0.0	(4.5)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2014	GOVERNOR'S RECOMMENDED FY 2015	RECOMMENDED INC/(DEC) FY 2015
General Funds	\$ 1,452,205,398	\$ 1,393,732,594	(\$ 58,472,804)
Federal Funds	1,683,212,049	1,698,011,931	14,799,882
Other Funds	1,264,726,371	1,184,678,212	(80,048,159)
Total	<u>\$ 4,400,143,818</u>	<u>\$ 4,276,422,737</u>	<u>(\$ 123,721,081)</u>
Staffing Level FTE:	13,830.8	13,890.9	60.1