



STATE OF SOUTH DAKOTA

OFFICE OF THE GOVERNOR

KRISTI L. NOEM | GOVERNOR

MEMBERS OF THE 94th LEGISLATURE OF THE STATE OF SOUTH DAKOTA

It is my privilege to present the state budget report for Fiscal Year 2020. This proposal will fund necessary state government services and special appropriations for the fiscal period beginning July 1, 2019 and ending June 30, 2020.

In South Dakota, we are committed to fiscal responsibility and conservative budgeting principles. As our state's new governor, I'm committed to maintaining the fiscal integrity for which our state has become known. We won't spend money we don't yet have. We won't needlessly grow the government. We won't raise taxes, and we'll rely solely on the ongoing revenue stream to cover ongoing expenses. We will work hard to maintain the AAA credit rating, the highest rating given. Fiscal discipline will be the foundation of my governorship.

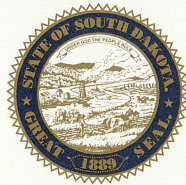
My FY2020 budget recommendations focus on not only improving South Dakota for today, but also for the next generation.

Improving Education. My budget includes a 2.5% increase for state aid to education, as well as a 2.5% increase to the per student allocation for technical institutes. This will ensure that local school districts have the resources necessary to educate and train the next generation.

Keeping South Dakota Healthy. We need to take care of those in need today, while building sustainable models for the next generation. I propose an increase of 2.5%, as well as other targeted rate increases, for medical provider reimbursement rates. I also propose funding for innovation grants to work with industry partners to find solutions to the issues we face with nursing homes, primary care, and prenatal care.

Investing in Our Workforce. We need to attract and retain the best and brightest to work for state government. Studies show state employee compensation is lower than their counterparts in the market. My budget includes a 2.5% market adjustment for state employees. I also propose funding to keep the state employee health plan structurally balanced, without introducing an employee premium.

Improving Public Safety. The methamphetamine epidemic in our state is dismantling the success of the next generation and destroying families. My budget includes funding to



STATE OF SOUTH DAKOTA

OFFICE OF THE GOVERNOR

KRISTI L. NOEM | GOVERNOR

confront the meth crisis. We will focus on three key areas: education, enforcement, and treatment. I also propose funding to upgrade state radio infrastructure and systems and to address pressing mental health needs that threaten public safety.

Protecting Natural Resources. I am committed to protecting our wildlife, prioritizing habitat management, and preserving our state's parks. My budget includes funding to enhance predator control efforts, extend pheasant habitat, and make improvements to Palisades State Park.

Over the past few weeks, my administration has hit the ground running to build a South Dakota for the next generation. The budget I propose to you is structurally balanced. We have sought efficiencies within existing programs and targeted our spending in areas that will set up the next generation for success. I look forward to working with the legislature over the coming months to strengthen our great state.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristi Noem".

Kristi Noem