



Governor Kristi Noem

FY 2022: Budget Recommendations

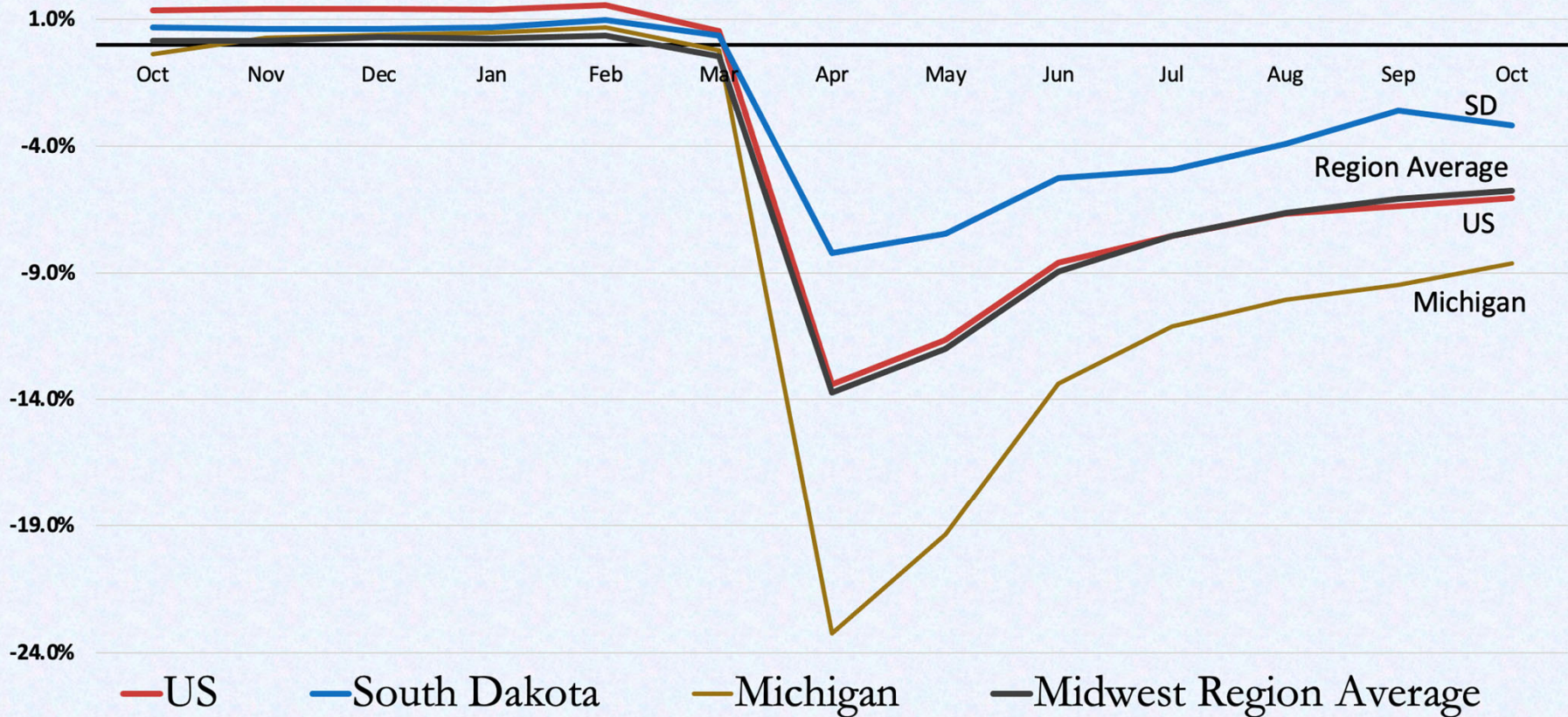
Economic Overview

- South Dakota's **unique approach** to COVID-19 led to a **strong fiscal position**
- 2020 budget year: **\$19 million surplus**
 - General Fund Revenues FY2021: **+19.4% y/y**
 - Federal Stimulus Funding
- Unemployment Rate: **3.6% in Oct. 2020** (3rd lowest in the nation)



Economy: Nonfarm Employment

Year-Over-Year Percent Change in Total Nonfarm Employment



Economy: Federal Stimulus Programs

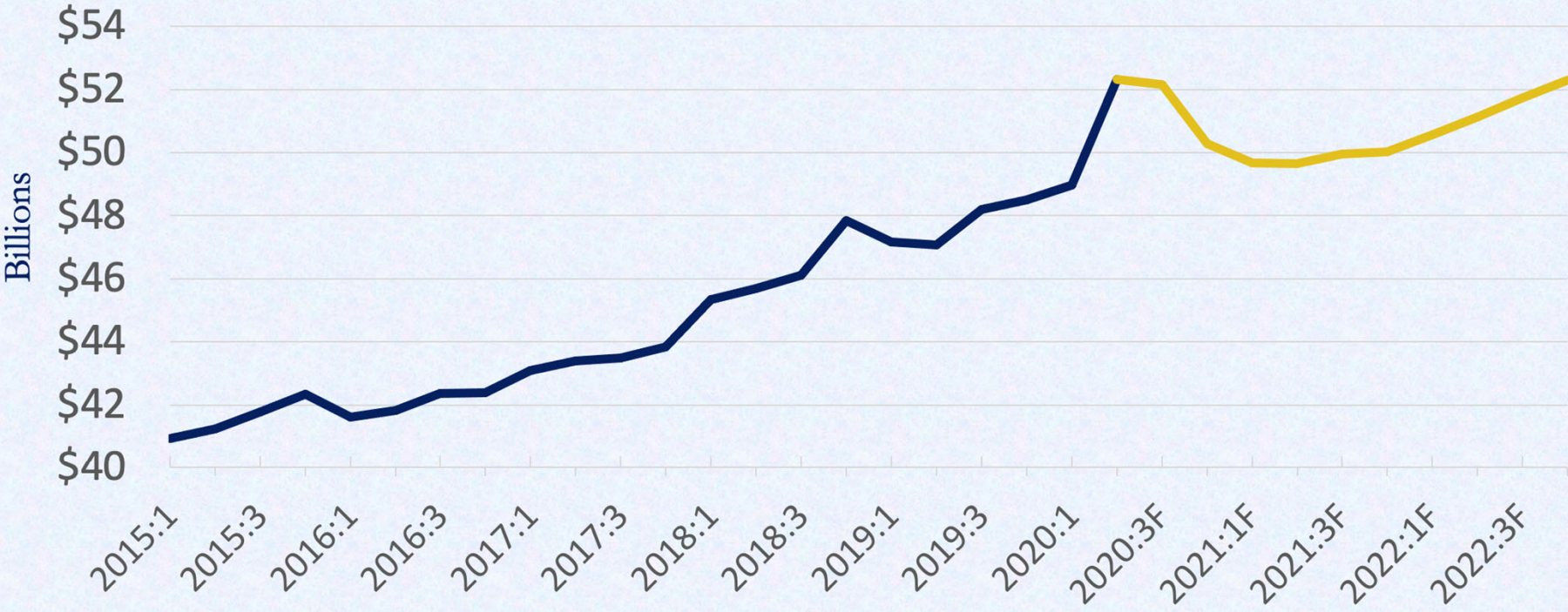
Estimated Direct Payments to South Dakota Individuals and Businesses

Payroll Protection Program (PPP)	\$1,700,000,000
Coronavirus Food Assistance Program 1&2 (CFAP)	\$983,871,444
Economic Impact Payments (Stimulus Checks)	\$779,204,875
Additional Unemployment Compensation (All Programs)	\$313,300,000
Provider Relief Fund (PRF)	\$144,129,089
Total	\$3,920,505,408
South Dakota GDP (2019 Nominal)	\$54,940,900,000



Economy: Income

Quarterly Personal Income



Marijuana Legalization

- **\$4,161,502** toward necessary marijuana regulation: **April 1, 2022 deadline**
- **Amendment A (recreational marijuana): Department of Revenue**
 - FY2021: \$350,367
 - FY2022: \$1,101,271
 - FY2023: \$1,824,615
 - One-Time Costs: \$750,000
- **Initiated Measure 26 (medical marijuana): Department of Health**
 - FY2021: \$45,083
 - FY2022: \$45,083
 - FY2023: \$45,083





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Overview: Budget Priorities

1. Paying Off 2010 Debt
2. Restoring and Reinvigorating Infrastructure
3. Strengthening Communities



Paying Off 2010 Debt



Technical College Bond Payoff

- **\$21.7 million** to pay off the 2010 technical college bonds
- Funded expansions in **auto body and maintenance programs, effective student services, modern facilities**
- Save **\$1.7 million** in ongoing debt service



Restoring and Reinvigorating Infrastructure



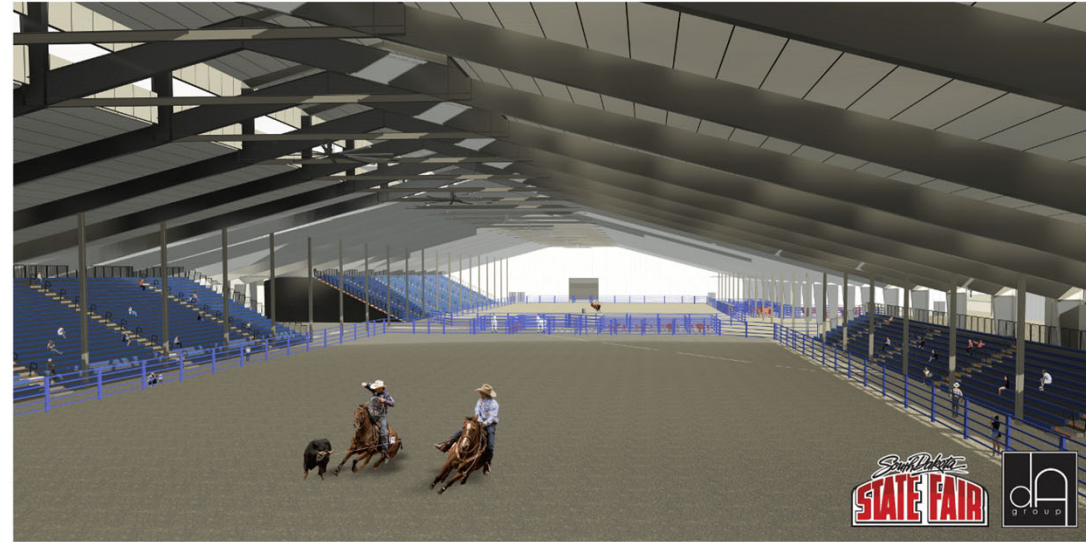


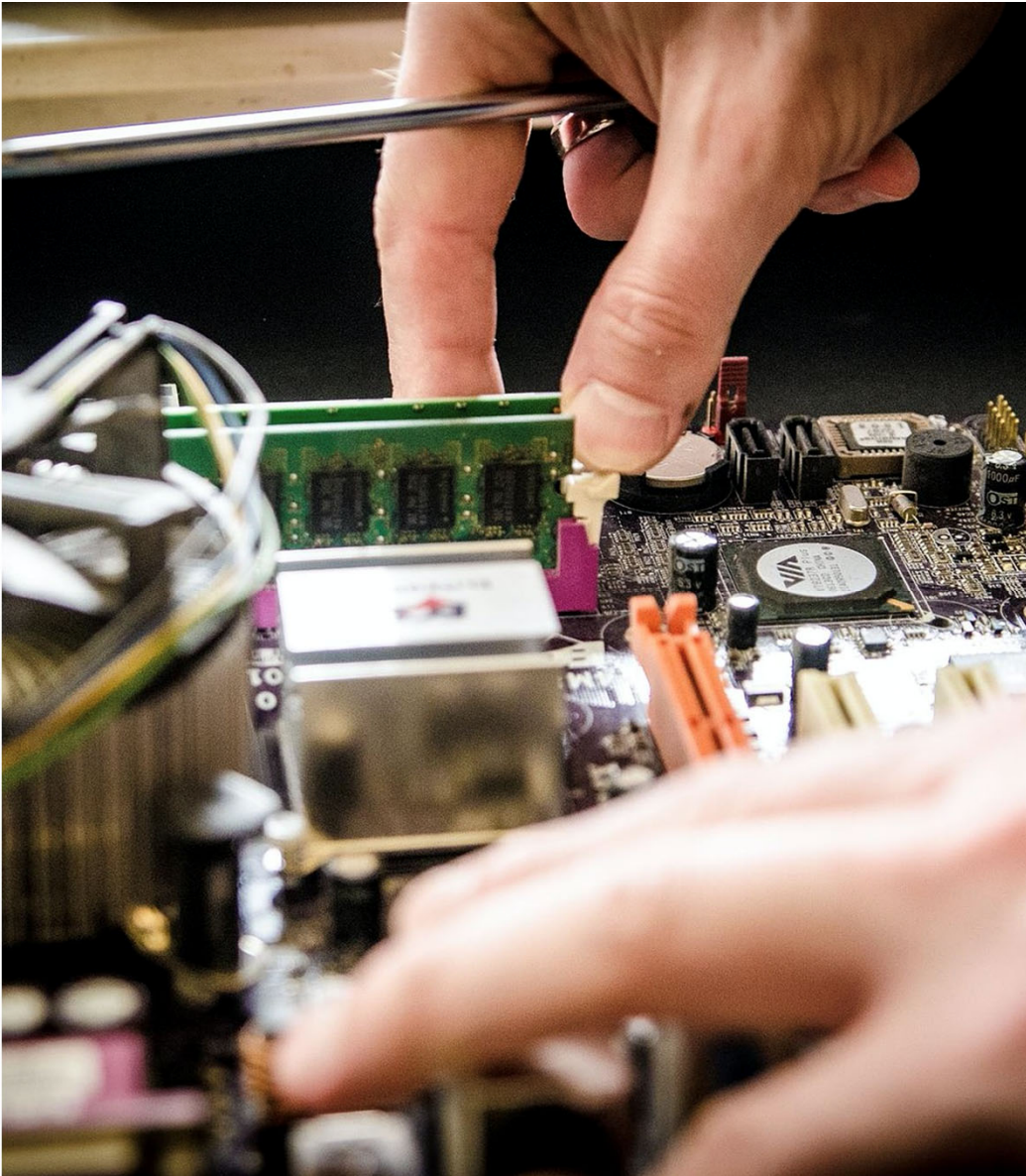
Broadband Investment

- **\$100 million investment** for broadband projects
 - Improving Agriculture
 - Creating Lifelong Careers
 - Enhancing Educational Opportunities
 - Facilitating Better Health Outcomes
- **Preserving the rural way of life**

State Fair Livestock Complex

- **\$12 million state funds** (\$19 million total) to construct a livestock complex at the State Fair
- **Multi-purpose, 200,000-square-foot livestock facility**
- Two rodeo arenas, space for 2,000 head of cattle, space for equestrian and other events, and more





Data Security

- **\$10 million** to BIT to upgrade statewide databases
- Cybercrime is one of the **21st century's biggest threats**—14 billion attacks from 165 countries in July 2020 alone
- State and local governments are a **top target**

State Radio Enhancements

- **\$3.2 million** to enhance communication for first responders
- **Black Hills:** New towers in Rockerville, Keystone, Hill City
- **Hot Springs and Reliance:** Leverage existing towers and provide new equipment



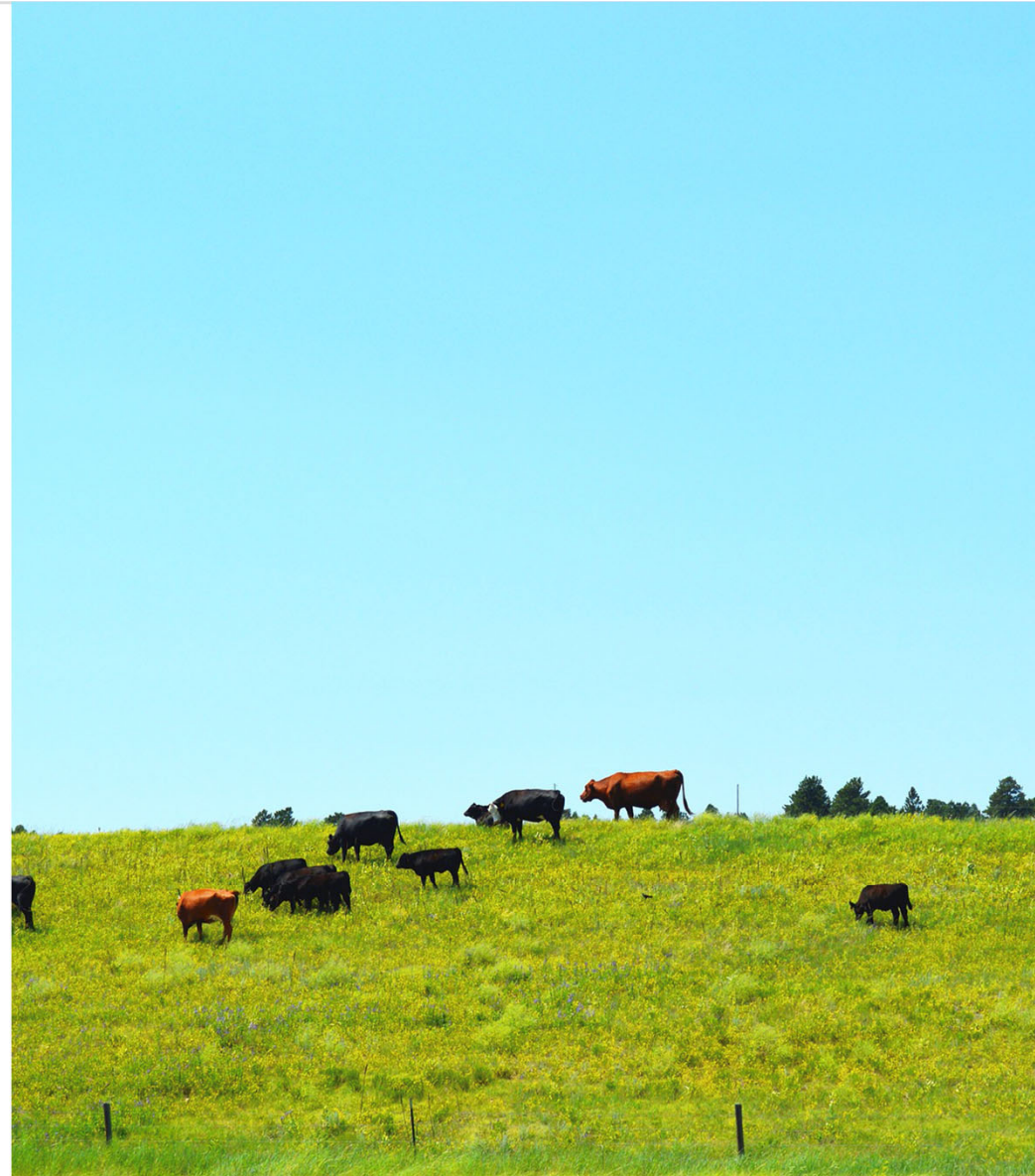


Technical College Equipment Funding

- **\$3.4 million** to provide technical equipment for four colleges
- Increased capacity for **high-need** and **in-demand programs**
- Upgraded equipment that **aligns with industry needs and expectations**
- **Improved safety and security** for students and instructors

Meat Processing Grants

- **\$5 million** for a meat processing grant program
- Provides small processors with **funds to boost capacity** to process or store South Dakota-raised meat
- Ensure we have capacity to **respond to market disruptions and ship across state lines**





Critical Dam Maintenance

- **\$4 million** for replacing the Elm Lake Dam
 - Major storm damage in July
 - High-risk dam that is **significant to the surrounding area**
- **\$1 million** toward restoring **other state-owned dams**

Safety Enhancements to State Air Fleet

- **\$5 million** to purchase one newer plane and offload two current planes
- Fleet average age: **26 years old**
- Older planes are **less safe** and require **frequent, complex, costly maintenance**
- One newer plane will be **safer and more cost-effective**



Strengthening Communities



Inflationary Increases

- **2.4%** increase for **medical provider reimbursement rates**
 - Plus targeted rate increases for community-based providers
- **2.4%** increase for **state aid to K-12 education and technical colleges**
 - Above statutorily required 1.5%
- **2.4%** increase for **state employee salaries**





State Employee Health Plan

- Create **more competitive benefits**
- Ensure **financial stability**
- **Simplify** plan administration
- Result: **\$12 million in health care savings** to reinvest directly in employee salaries

Rural Nursing Facilities

- **\$1 million state funds** (\$2.5 million total) to expand the Access Critical Nursing Facility Program
- Facilities in **Platte, Sisseton, Madison** will be added to the program
- Ensure continued access to nursing facilities in rural areas





Regional Crisis Diversion Centers

- **\$8.3 million state funds** (\$19.9 million total) to create regional crisis diversion centers
- Operated by **community support providers**
- Delivers **specialized care** to individuals with intellectual and developmental disabilities

Ellsworth Air Force Base Liberty Center

- **\$3.2 million state funds** (\$12.7 million total) for a new recreational center near Ellsworth Air Force Base
- Supporting the base and community by **enhancing recreational space and improving quality of life**
- Breaking ground in **2021**





K-12 School District Funding

- **\$11 million** to be distributed among schools across the state
- Ensure South Dakota's students are **well-served and remain on track**
- Help provide a **final bridge for schools** past the pandemic

Bolstering Savings

- To be prepared, **we need to save**
- Must ensure we are prepared for the **next economic downturn**—
whenever it comes
- Two-pronged approach
 - **Extra 2%** to regular 10% budget reserves
 - Also allocate **\$50 million** to a trust fund





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