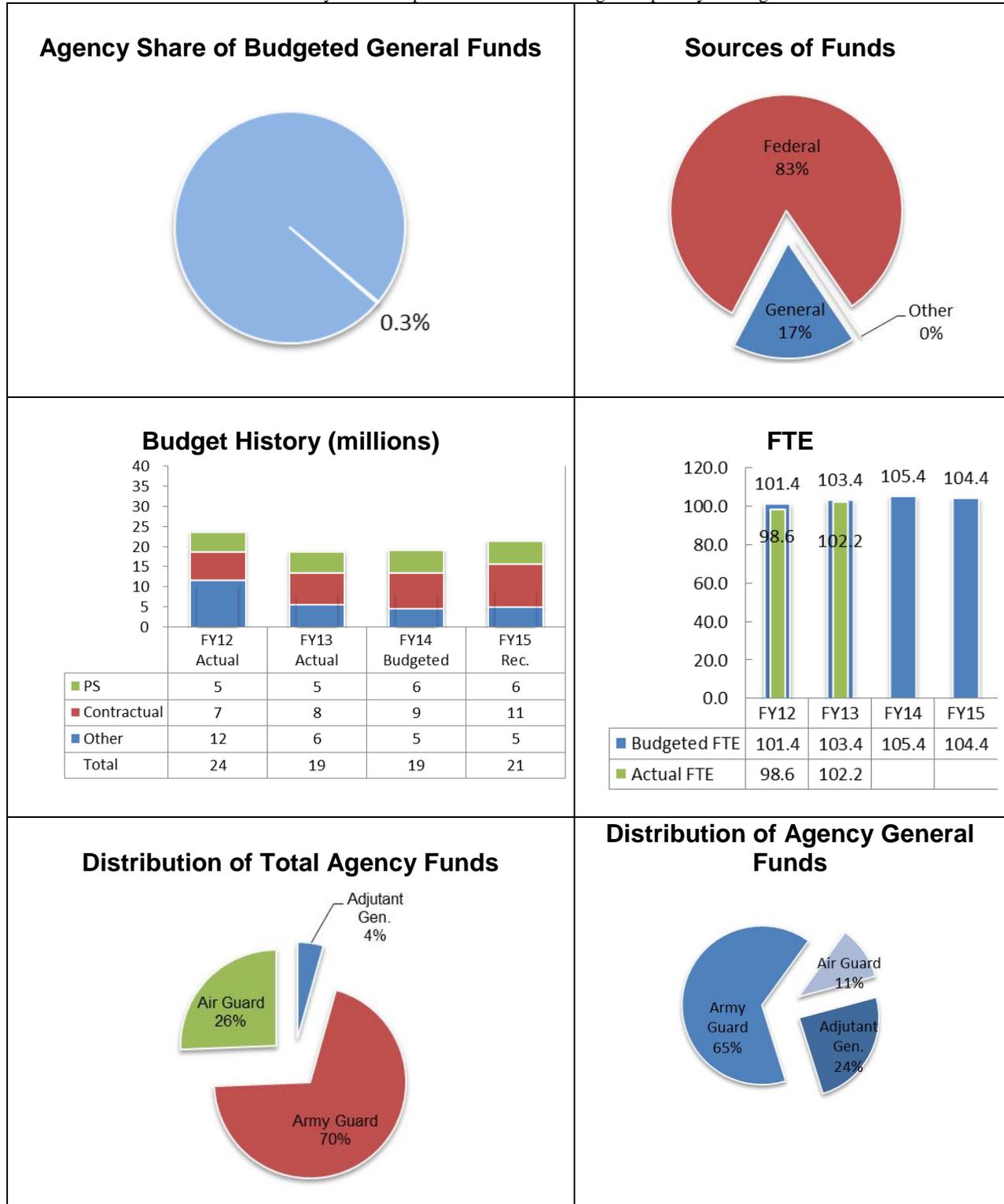


FY15 Budget Briefing

Department of the Military

Information contained in this document is based on the Governor's original recommended FY15 budget.
This document may not correspond with the FY15 budget adopted by the Legislature.



Key Personnel

- Major General Timothy Reisch, Adjutant General/Secretary
- Connie Hohn, Budget and Finance Director
- Steve Harding, Deputy Secretary

Department Total

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
Personal Services						
Employee Salaries	3,861,297	3,909,453	4,300,040	4,249,912	(50,128)	(1.2%)
Employee Benefits	1,136,592	1,329,318	1,360,208	1,347,650	(12,558)	(0.9%)
FTE	98.6	102.2	105.4	104.4	(1.0)	(0.9%)
Funding Types						
General	837,475	886,855	936,221	873,535	(62,686)	(6.7%)
Federal	4,152,341	4,351,916	4,706,401	4,706,401	0	0.0%
Other	8,073	0	17,626	17,626	0	0.0%
Total PS	4,997,889	5,238,771	5,660,248	5,597,562	(62,686)	(1.1%)
Operating Expenses						
Travel	106,159	71,946	122,118	122,118	0	0.0%
Contractual Services	7,063,096	7,933,702	8,887,715	10,718,634	1,830,919	20.6%
Supplies & Materials	797,730	799,796	798,849	814,729	15,880	2.0%
Grants and Subsidies	1,462,877	1,323,581	1,514,402	1,530,188	15,786	1.0%
Capital Outlay	9,353,416	3,562,394	2,303,574	2,714,567	410,993	17.8%
Funding Types						
General	1,933,142	1,929,006	2,347,560	2,820,708	473,148	20.2%
Federal	16,849,769	11,758,840	11,269,077	13,069,449	1,800,372	16.0%
Other	368	3,573	10,021	10,079	58	0.6%
Total OE	18,783,279	13,691,419	13,626,658	15,900,236	2,273,578	16.7%
Totals						
Funding Types						
General	2,770,617	2,815,861	3,283,781	3,694,243	410,462	12.5%
Federal	21,002,110	16,110,756	15,975,478	17,775,850	1,800,372	11.3%
Other	8,441	3,573	27,647	27,705	58	0.2%
Total	23,781,168	18,930,190	19,286,906	21,497,798	2,210,892	11.5%

Department Object Detail

Item	Actual FY2012	Actual FY2013	Budgeted FY2014	Governor Rec FY2015	Inc/Dec Over FY2014	% Change Over FY2014
PERSONAL SERVICES						
General	837,476	886,855	936,221	873,535	(62,686)	-6.7%
Federal	4,152,341	4,351,916	4,706,401	4,706,401	0	0.0%
Other Funds	8,073	0	17,626	17,626	0	0.0%
Total Personal Services	4,997,890	5,238,771	5,660,248	5,597,562	(62,686)	-1.1%
FTE	98.6	102.2	105.4	104.4	(1.0)	-0.9%
TRAVEL						
General	39,113	28,554	45,965	45,965	0	0.0%
Federal	67,046	43,392	76,153	76,153	0	0.0%
Other Funds	0	0	0	0	0	0.0%
Total Travel	106,159	71,946	122,118	122,118	0	0.0%
CONTRACTUAL SERVICES						
General	824,703	913,767	1,491,661	1,862,854	371,193	24.9%
Federal	6,238,159	7,017,226	7,393,401	8,853,069	1,459,668	19.7%
Other Funds	234	2,709	2,653	2,711	58	2.2%
Total Contractual Services	7,063,096	7,933,702	8,887,715	10,718,634	1,830,919	20.6%
SUPPLIES AND MATERIALS						
General	110,491	118,909	139,812	143,782	3,970	2.8%
Federal	687,105	680,024	656,037	667,947	11,910	1.8%
Other Funds	134	863	3,000	3,000	0	0.0%
Total Supplies and Materials	797,730	799,796	798,849	814,729	15,880	2.0%
GRANTS AND SUBSIDIES						
General	367,263	409,750	414,402	430,188	15,786	3.8%
Federal	1,095,614	913,831	1,100,000	1,100,000	0	0.0%
Other Funds	0	0	0	0	0	0.0%
Total Grants and Subsidies	1,462,877	1,323,581	1,514,402	1,530,188	15,786	1.0%
CAPITAL OUTLAY						
General	591,570	458,027	255,720	337,919	82,199	32.1%
Federal	8,761,846	3,104,367	2,043,486	2,372,280	328,794	16.1%
Other Funds	0	0	4,368	4,368	0	0.0%
Total Capital Outlay	9,353,416	3,562,394	2,303,574	2,714,567	410,993	17.8%
OTHER						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0.0%
Total Other	0	0	0	0	0	0.0%
TOTAL						
General	2,770,616	2,815,862	3,283,781	3,694,243	410,462	12.5%
Federal	21,002,111	16,110,756	15,975,478	17,775,850	1,800,372	11.3%
Other Funds	8,441	3,572	27,647	27,705	58	0.2%
Total All Funds	23,781,168	18,930,190	19,286,906	21,497,798	2,210,892	11.5%

Major Expansions and Reductions

Budget Item	Governor's Recommendation				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
Adjutant General					
Transfer FTE to Vets' Affairs	(62,686)			(62,686)	(1.0)
Natl Guard Tuition Reduction Program-Tuition/Fee Increase	15,786			15,786	
Army Guard					
M&R National Guard Armories	409,785	1,639,141		2,048,926	
Energy Cap	19,571	78,286		97,857	
Air Guard					
Facility Operations-Elec/NG/water Increase	26,357	79,069		105,426	
Interagency Billing increases	1,649	3,876	58	5,583	
Total	410,462	1,800,372	58	2,210,892	(1.0)

- ✓ See Budget Notes regarding these Expansions and Reductions on the following pages under the various programs.

ADJUTANT GENERAL

The Adjutant General's Office administers the department's statutory and administrative responsibilities; coordinates and supervises the functions of planning, fiscal duties, budgeting, legislation, and personnel matters for the department; and ascertains the most efficient use of department personnel and resources.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Rec % Change Inc/Dec FY15	From FY2014
Personal Services						
Employee Salaries	341,578	342,831	369,952	319,824	(50,128)	(13.5%)
Employee Benefits	79,363	90,043	94,318	81,760	(12,558)	(13.3%)
FTE	5.6	5.8	6.3	5.3	(1.0)	(15.9%)
Funding Types						
General	412,868	432,874	446,644	383,958	(62,686)	(14.0%)
Federal	0	0	0	0	0	0.0%
Other	8,073	0	17,626	17,626	0	0.0%
Total PS	420,941	432,874	464,270	401,584	(62,686)	(13.5%)
Operating Expenses						
Travel	36,479	25,885	43,688	43,688	0	0.0%
Contractual Services	39,951	54,569	74,816	75,949	1,133	1.5%
Supplies & Materials	4,543	8,482	11,983	11,983	0	0.0%
Grants and Subsidies	329,696	358,789	375,397	391,183	15,786	4.2%
Capital Outlay	0	2,940	11,991	11,991	0	0.0%
Funding Types						
General	410,300	447,091	497,548	514,467	16,919	3.4%
Federal	0	0	10,306	10,306	0	0.0%
Other	368	3,573	10,021	10,021	0	0.0%
Total OE	410,668	450,664	517,875	534,794	16,919	3.3%
Totals						
Funding Types						
General	823,169	879,965	944,192	898,425	(45,767)	(4.8%)
Federal	0	0	10,306	10,306	0	0.0%
Other	8,441	3,573	27,647	27,647	0	0.0%
Total	831,610	883,538	982,145	936,378	(45,767)	(4.7%)

Budget Notes

- A. Interagency Billings - Increase of **\$1,133** in general funds due to changes in bureau billings.
- B. Transfer of Public Information Officer to Veterans' Affairs – The primary duties of this position reside in the Dept. of Veterans' Affairs. This is a reduction of one FTE and **(\$62,686)** in salary and benefits.
- C. National Guard Tuition Reduction Program – The Board of Regents approved tuition and fee increase of 4.4% for 2013-2014. This request is based on the amount paid in FY13. The general funds request amount is **\$15,786**.

ARMY GUARD

The Army Guard administers the state functions and duties of the Army National Guard. The Army Guard's mission is to provide ready units and personnel to the state of South Dakota and the United States of America; to support United States Military objectives through its participation in the Total Force Protection Plan; to support the Governor by providing trained units and equipment capable of protecting life and property, as well as the preservation of peace, order, and public safety; and to be an active participant in domestic concerns through local, regional, and nationwide initiatives and programs.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Rec % Change Inc/Dec FY15	From FY2014
Personal Services						
Employee Salaries	1,565,640	1,670,864	1,900,115	1,900,115	0	0.0%
Employee Benefits	479,999	591,015	662,238	662,238	0	0.0%
FTE	46.9	49.9	52.1	52.1	0.0	0.0%
Funding Types						
General	262,431	286,004	313,507	313,507	0	0.0%
Federal	1,783,207	1,975,875	2,248,846	2,248,846	0	0.0%
Other	0	0	0	0	0	0.0%
Total PS	2,045,638	2,261,879	2,562,353	2,562,353	0	0.0%
Operating Expenses						
Travel	33,051	34,596	40,000	40,000	0	0.0%
Contractual Services	5,592,368	6,142,328	7,291,129	9,014,789	1,723,660	23.6%
Supplies & Materials	675,587	704,571	716,428	732,308	15,880	2.2%
Grants and Subsidies	50	0	0	0	0	0.0%
Capital Outlay	9,353,416	3,559,455	2,291,583	2,702,576	410,993	17.9%
Funding Types						
General	1,314,053	1,256,019	1,651,300	2,080,972	429,672	26.0%
Federal	14,340,419	9,184,930	8,687,840	10,408,643	1,720,803	19.8%
Other	0	0	0	58	58	0.0%
Total OE	15,654,472	10,440,949	10,339,140	12,489,673	2,150,533	20.8%
Totals						
Funding Types						
General	1,576,484	1,542,023	1,964,807	2,394,479	429,672	21.9%
Federal	16,123,626	11,160,805	10,936,686	12,657,489	1,720,803	15.7%
Other	0	0	0	58	58	0.0%
Total	17,700,110	12,702,828	12,901,493	15,052,026	2,150,533	16.7%

Budget Notes

- A. Interagency Billings - Increase of **\$316** in general funds, **\$3,376** in federal fund expenditure authority, and **\$58** in other fund expenditure authority due to changes in bureau billings.
- B. M&R on National Guard Armories – The Governor is recommending increases of **\$409,785 in general funds and \$1,639,141 in federal fund 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 replacement value of the buildings is \$578 million.

- C. **Energy Cap** – There was an increase in electrical costs based upon the Energy Cap – this was an increase of **\$19,571 in general funds** and **\$78,286 in federal fund expenditure authority**.

AIR GUARD

This is the Department's program for administering the state duties and responsibilities of the South Dakota Air National Guard. The mission of the Air Guard is to defend the United States through the control and exploitation of air and space; to train, mobilize, and deploy anywhere in the world in a matter of hours; to fly fighter sorties in support of the theater commander's objectives; to respond to the call of the Governor during times of natural disaster or civil disturbance; to protect life and property and preserve peace, order, and public safety; and to add value to America by our presence in the community.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
Personal Services						
Employee Salaries	1,954,080	1,895,758	2,029,973	2,029,973	0	0.0%
Employee Benefits	577,230	648,260	603,652	603,652	0	0.0%
FTE	46.1	46.5	47.0	47.0	0.0	0.0%
Funding Types						
General	162,176	167,977	176,070	176,070	0	0.0%
Federal	2,369,134	2,376,041	2,457,555	2,457,555	0	0.0%
Other	0	0	0	0	0	0.0%
Total PS	2,531,310	2,544,018	2,633,625	2,633,625	0	0.0%
Operating Expenses						
Travel	36,629	11,465	38,430	38,430	0	0.0%
Contractual Services	1,430,778	1,736,805	1,521,770	1,627,896	106,126	7.0%
Supplies & Materials	117,600	86,744	70,438	70,438	0	0.0%
Grants and Subsidies	1,133,132	964,792	1,139,005	1,139,005	0	0.0%
Funding Types						
General	208,789	225,896	198,712	225,269	26,557	13.4%
Federal	2,509,350	2,573,910	2,570,931	2,650,500	79,569	3.1%
Other	0	0	0	0	0	0.0%
Total OE	2,718,139	2,799,807	2,769,643	2,875,769	106,126	3.8%
Totals						
Funding Types						
General	370,965	393,873	374,782	401,339	26,557	7.1%
Federal	4,878,484	4,949,951	5,028,486	5,108,055	79,569	1.6%
Other	0	0	0	0	0	0.0%
Total	5,249,449	5,343,824	5,403,268	5,509,394	106,126	2.0%

Budget Notes

- A. Interagency Billings - Increase of **\$200** in general funds and **\$500** in federal funds.
- B. Energy Cap Increase – There was an increase of **\$26,357 in general funds**, and **\$79,069 in federal funds** due to the Energy Cap (electricity, natural gas & water)

FY14 Emergency Special Appropriations

- A. Watertown Armory - The Governor is recommending \$151,768 in general funds for the Dept. of Military to purchase 25.6 acres from the Dept. of Transportation. This purchase would provide a new Unit Training and Equipment Site for the existing armory.

Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment		60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Years	
		Balance on June 30			Amount	Month
		FY2012	FY2013			
Company 3147 - National Guard Museum and State Weapons Collection Fund	225	\$ 150,020	\$ 150,081	\$ 149,491	\$ 141,353	July 2008
Company 3148 - General Militia Fund and Special Militia Fund	226	\$ 297,043	\$ 314,969	\$ 278,655	\$ 193,187	July 2009
Company 3149 - Veterans' Freedom Memorial Fund	227	\$ 7,631	\$ 7,302	\$ 7,528	\$ 6,286	July 2008

Governor's Recommended Compensation Plan – BFM Pool

For FY15, the Governor recommends the state employee compensation plan be distributed from a pool in the BFM. *Therefore, individual agency budgets do not reflect the changes for the compensation plan.*

	<u>General</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
Across the Board Increase and Market Adjustments	\$23,484	\$124,250	\$461	\$148,195
Health Insurance	\$21,462	\$114,116	\$426	\$136,004
Movement Toward Job Worth (PACE)	\$9,364	\$41,088	\$1,643	\$52,094
Pay for Performance (Career Band Families)	\$550	\$24,602	\$1,548	\$26,700
Targeted Compensation Adjustments	\$10,394	\$19,224	\$0	\$29,618
Total of all Components	\$65,254	\$323,280	\$4,078	\$392,611

- Recommended FY15 - 3.0% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board/Market; 18.6% Health Insurance; Targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs.
- FY14 – 3.5% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board; 3.5%-4% Market Adjustment for Career Banding; 14.7% Health Insurance
- FY13 – 2.5% PACE; up to 7.0% Market Adjustment for Career Banding; 3% Across-the-Board; 3.3% Health Insurance.
- FY12 – 0% PACE; 0% Across-the-Board; 0% Health Insurance. One-time payment to permanent, non-probationary state employees equaling 5%, 3.4%, or 1.7% of the individual's annual salary depending on their longevity. (No increase to base in FY12.)
- FY11 – 0% PACE; 0% Across-the-Board; 6.3% Health Insurance

- FY10 – 0% PACE; 0% Across-the-Board; 0% Health Insurance

Interagency Billings

Below are the sources of funds this agency used to pay for services provided by central governmental bureaus (Bureau of Finance and Management, Bureau of Information and Telecommunications, Bureau of Administration, and the Bureau of Human Resources).

FY13 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	41,979.47	86,052.71	1,089.12	129,121.30
Bureau of Finance and Management	6,371.12	40,569.56	910.89	47,851.57
Bureau of Human Resources	8,565.89	36,123.46	1,078.14	45,767.49
Bureau of Information and Telecommunications	14,092.58	42,332.37	-	56,424.95
<i>Total Bureau Billings</i>	71,009	205,078	3,078	279,165