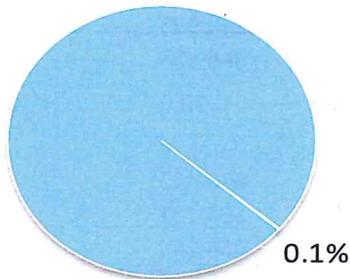


FY15 Budget Briefing

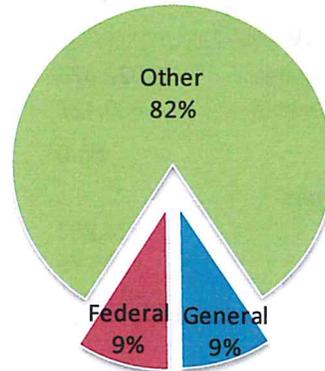
Department of Tourism

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.

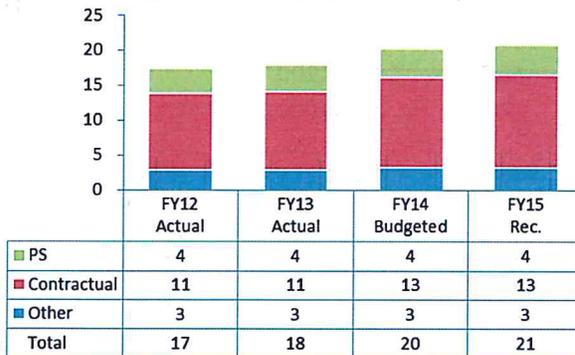
Agency Share of Budgeted General Funds



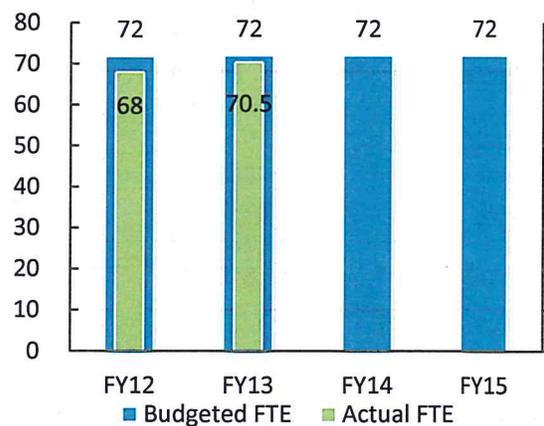
Sources of Funds



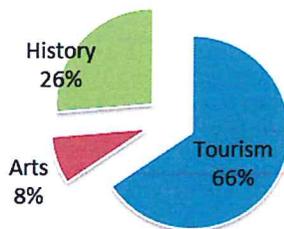
Budget History (millions)



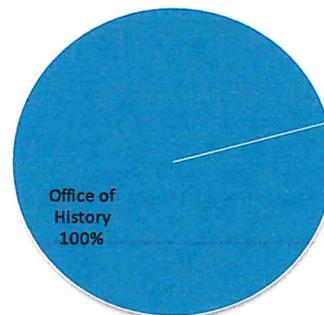
FTE



Distribution of Total Agency Funds



Distribution of Agency General Funds



Key Personnel

- Jim Hagen, Secretary
- Marty Davis, Finance Officer

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	2,822,875	2,867,725	3,240,996	3,240,996	0	0.0%
Employee Benefits	809,427	943,500	945,867	945,867	0	0.0%
FTE	68.0	70.5	72.0	72.0	0.0	0.0%
Funding Types						
General	824,283	842,722	866,483	866,483	0	0.0%
Federal	288,275	347,124	364,131	364,131	0	0.0%
Other	2,519,744	2,621,379	2,956,249	2,956,249	0	0.0%
Total PS	3,632,302	3,811,225	4,186,863	4,186,863	0	0.0%
Operating Expenses						
Travel	329,926	331,033	392,611	392,611	0	0.0%
Contractual Services	10,965,966	11,199,978	12,785,178	13,188,089	402,911	3.2%
Supplies & Materials	667,915	643,046	733,093	733,093	0	0.0%
Grants and Subsidies	1,779,437	1,798,710	2,137,278	2,137,278	0	0.0%
Capital Outlay	66,213	123,968	55,200	55,200	0	0.0%
Other	1,328	3,715	2,000	2,000	0	0.0%
Funding Types						
General	886,618	985,729	975,411	1,001,274	25,863	2.7%
Federal	1,219,090	1,394,153	1,417,773	1,419,557	1,784	0.1%
Other	11,705,078	11,720,568	13,712,176	14,087,440	375,264	2.7%
Total OE	13,810,785	14,100,450	16,105,360	16,508,271	402,911	2.5%
Totals						
Funding Types						
General	1,710,901	1,828,451	1,841,894	1,867,757	25,863	1.4%
Federal	1,507,364	1,741,277	1,781,904	1,783,688	1,784	0.1%
Other	14,224,822	14,341,948	16,668,425	17,043,689	375,264	2.3%
Total	17,443,087	17,911,676	20,292,223	20,695,134	402,911	2.0%

Department Object Detail

Item	Actual FY2012	Actual FY2013	Budgeted FY2014	Governor Rec FY2015	Inc/Dec Over FY2014	% Change Over FY2014
PERSONAL SERVICES						
General	824,283	842,722	866,483	866,483	0	0.0%
Federal	288,275	347,124	364,131	364,131	0	0.0%
Other Funds	2,519,744	2,621,380	2,956,249	2,956,249	0	0.0%
Total Personal Services	3,632,302	3,811,226	4,186,863	4,186,863	0	0.0%
FTE	68.0	70.5	72.0	72.0	0.0	0.0%
TRAVEL						
General	28,611	28,939	19,661	19,661	0	0.0%
Federal	26,265	28,498	31,050	31,050	0	0.0%
Other Funds	275,050	273,596	341,900	341,900	0	0.0%
Total Travel	329,926	331,033	392,611	392,611	0	0.0%
CONTRACTUAL SERVICES						
General	775,400	880,001	885,292	911,155	25,863	2.9%
Federal	287,986	345,223	332,400	334,184	1,784	0.5%
Other Funds	9,902,580	9,974,755	11,567,486	11,942,750	375,264	3.2%
Total Contractual Services	10,965,966	11,199,979	12,785,178	13,188,089	402,911	3.2%
SUPPLIES AND MATERIALS						
General	80,005	74,350	65,458	65,458	0	0.0%
Federal	5,865	10,633	9,012	9,012	0	0.0%
Other Funds	582,045	558,063	658,623	658,623	0	0.0%
Total Supplies and Materials	667,915	643,046	733,093	733,093	0	0.0%
GRANTS AND SUBSIDIES						
General	0	0	0	0	0	0.0%
Federal	897,197	966,898	1,045,311	1,045,311	0	0.0%
Other Funds	882,240	831,812	1,091,967	1,091,967	0	0.0%
Total Grants and Subsidies	1,779,437	1,798,710	2,137,278	2,137,278	0	0.0%
CAPITAL OUTLAY						
General	2,603	2,439	5,000	5,000	0	0.0%
Federal	1,776	42,901	0	0	0	0.0%
Other Funds	61,834	78,628	50,200	50,200	0	0.0%
Total Capital Outlay	66,213	123,968	55,200	55,200	0	0.0%
OTHER						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	1,328	3,715	2,000	2,000	0	0.0%
Total Other	1,328	3,715	2,000	2,000	0	0.0%
TOTAL						
General	1,710,902	1,828,451	1,841,894	1,867,757	25,863	1.4%
Federal	1,507,364	1,741,277	1,781,904	1,783,688	1,784	0.1%
Other Funds	14,224,821	14,341,949	16,668,425	17,043,689	375,264	2.3%
Total All Funds	17,443,087	17,911,677	20,292,223	20,695,134	402,911	2.0%

Major Expansions and Reductions

Budget Item	Governor's Recommendation			Total Funds	FTE
	General Funds	Federal Funds	Other Funds		
Tourism					
Increased other fund authority based on FY15 Revenue Estimates - PR & Marketing	-	-	366,996	366,996	-
	-	-		-	
Interagency billing increase	25,863	1,784	8,268	35,915	
	-	-		-	-
Total	25,863	1,784	375,264	402,911	-

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

OFFICE OF TOURISM

The mission of the Office of Tourism is to promote and increase the level of tourism business and related employment by working together with businesses, other areas of government, and regional groups to market and promote the state's natural resources, culture, attractions, history, and its people as an integrated part of economic development.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Rec % Change Inc/Dec FY15	From FY2014
Personal Services						
Employee Salaries	1,149,254	1,140,454	1,190,070	1,190,070	0	0.0%
Employee Benefits	316,620	360,641	347,267	347,267	0	0.0%
FTE	25.7	26.0	25.0	25.0	0.0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	1,465,874	1,501,095	1,537,337	1,537,337	0	0.0%
Total PS	1,465,874	1,501,095	1,537,337	1,537,337	0	0.0%
Operating Expenses						
Travel	191,304	181,330	171,000	171,000	0	0.0%
Contractual Services	9,465,366	9,537,447	10,611,008	10,983,719	372,711	3.5%
Supplies & Materials	518,553	462,111	542,350	542,350	0	0.0%
Grants and Subsidies	320,000	320,000	320,000	320,000	0	0.0%
Capital Outlay	33,908	44,889	7,000	7,000	0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	10,529,131	10,545,777	11,651,358	12,024,069	372,711	3.2%
Total OE	10,529,131	10,545,777	11,651,358	12,024,069	372,711	3.2%
Totals						
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	11,995,005	12,046,872	13,188,695	13,561,406	372,711	2.8%
Total	11,995,005	12,046,872	13,188,695	13,561,406	372,711	2.8%

Budget Notes

- A. Public Relations & Marketing – There is an increase of \$366,996 in other fund expenditure authority based on the FY15 revenue estimates. This will be used for additional public relations and marketing.
- B. Interagency Billings - Increase of \$5,715 in other fund expenditure authority.

State Programs Included in the Office of Tourism:

- The **Tourism Promotion Fund** was created in 1994 in SDCL 1-52-17. The funding source of the Tourism Promotion Fund is 40% of gaming tax revenues (SDCL 42-7B-48) and a 1.5% tax on the gross receipts from any lodging establishment, campground, motor vehicle rental, visitor attraction, recreational equipment rental, recreational service, spectator event, and visitor-intensive business (SDCL 10-45D-2). The gross receipts tax on the visitor-intensive businesses is imposed only during the months of June, July, August, and September, all of the others collect twelve months out of the year. The gross receipts tax was increased during the 2009 Legislative session from 1% to 1.5% effective on July 1, 2009. This increase was extended during the 2011 Legislative session and would have reverted back to 1% on July 1, 2013. HB 1066 passed in the 2013 legislative session to continue the current rate of 1.5% for the gross receipts tax.

The FY15 estimated revenue is **\$11,058,419** from the 1.5% gross receipts tax. The 1% gross receipts tax goes to the Tourism division and the .5% portion is distributed between Tourism, Arts, and History. In FY15, the estimated 1.5% gross receipts tax would be distributed as follows:

Tourism Division: 1% - **\$7,372,279** and 62.654463% of the .5% is **\$2,309,531 = \$9,681,810**

Arts: 20.942536% of the .5% is **\$771,971**

Archaeological Research Center: 9.673285% of the .5% is **\$356,571**

Cultural Heritage Center Museum: 6.729716% of the .5% is **\$248,067**

- The **South Dakota Gaming Commission Fund** was created in SDCL 42-7B-48. All proceeds from the gaming tax, license stamp fees, license fees, application fees, the net proceeds generated by the operation of the five-cent slot machines, and the initial fund are continuously appropriated. All funds received by the commission shall be set forth in an informational budget as described in SDCL 4-7-7.2 and be annually reviewed by the Legislature. Any disbursement from the Gaming Commission Fund shall be by authorization of the executive secretary for any of the following purposes:
 - Forty percent of the gaming tax collected shall be transferred to the Tourism Promotion Fund created in SDCL 1-52-17, and ten percent of the gaming tax collected shall be paid to Lawrence county;
 - The expenses of the commission for administration and operation including litigation and enforcement of this chapter, chapter 42.7 and for grants as provided by SDCL 42-7B-48.3; and
 - All funds remaining after the payments provided in subdivision (1) and (2) less one hundred thousand dollars, which shall be transferred to the Historical Preservation Loan and Grant Fund created in SDCL 1-19A-13.1 constitute the net municipal proceeds and shall be disbursed at least quarterly to the City of Deadwood for deposit in the Historic Restoration and Preservation Fund.
- **Co-op Revolving Funding** – The department advertises jointly with the private sector to pool resources, increase circulation, and reach markets that the private sector may not be able to do on their own. Co-ops include: Group Tour, Giant Step Insert, Great Getaways Insert, and many others.

CULTURAL AFFAIRS

The mission of Cultural Affairs is to work together with other areas of government and the private sector so as to improve the quality of life for all South Dakotans and to make South Dakota more attractive to non-South Dakotans by preservation, presentation, and promotion of our history, the fine arts, cultural activities, and cultural tourism.

	<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	1,673,620	1,727,271	2,050,926	2,050,926	0	0.0%
Employee Benefits	492,808	582,860	598,600	598,600	0	0.0%
FTE	42.3	44.6	47.0	47.0	0.0	0.0%
Funding Types						
General	824,283	842,722	866,483	866,483	0	0.0%
Federal	288,275	347,124	364,131	364,131	0	0.0%
Other	1,053,870	1,120,284	1,418,912	1,418,912	0	0.0%
Total PS	2,166,428	2,310,130	2,649,526	2,649,526	0	0.0%
Operating Expenses						
Travel	138,623	149,703	221,611	221,611	0	0.0%
Contractual Services	1,500,599	1,662,532	2,174,170	2,204,370	30,200	1.4%
Supplies & Materials	149,361	180,935	190,743	190,743	0	0.0%
Grants and Subsidies	1,459,437	1,478,710	1,817,278	1,817,278	0	0.0%
Capital Outlay	32,305	79,078	48,200	48,200	0	0.0%
Other	1,328	3,715	2,000	2,000	0	0.0%
Funding Types						
General	886,618	985,729	975,411	1,001,274	25,863	2.7%
Federal	1,219,090	1,394,153	1,417,773	1,419,557	1,784	0.1%
Other	1,175,946	1,174,791	2,060,818	2,063,371	2,553	0.1%
Total OE	3,281,654	3,554,673	4,454,002	4,484,202	30,200	0.7%
Totals						
Funding Types						
General	1,710,901	1,828,451	1,841,894	1,867,757	25,863	1.4%
Federal	1,507,364	1,741,277	1,781,904	1,783,688	1,784	0.1%
Other	2,229,816	2,295,076	3,479,730	3,482,283	2,553	0.1%
Total	5,448,082	5,864,804	7,103,528	7,133,728	30,200	0.4%

- ✓ The Cultural Affairs division includes the **Office of the Arts** and the **Office of History** which are included on the following pages.

OFFICE OF THE ARTS

Recognizing the importance of creativity in the lives of South Dakotans, the SD Arts Council makes quality arts accessible throughout the state by providing encouragement, grants, services, and information to artists, arts organizations, schools, and the public.

	<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	148,396	153,320	186,055	186,055	0	0.0%
Employee Benefits	39,099	45,116	47,479	47,479	0	0.0%
FTE	3.0	3.0	3.0	3.0	0.0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	187,494	198,437	233,534	233,534	0	0.0%
Total PS	187,494	198,437	233,534	233,534	0	0.0%
Operating Expenses						
Travel	11,629	11,966	19,584	19,584	0	0.0%
Contractual Services	65,510	60,044	62,433	63,091	658	1.1%
Supplies & Materials	7,188	35,121	23,766	23,766	0	0.0%
Grants and Subsidies	1,128,194	1,140,369	1,324,048	1,324,048	0	0.0%
Capital Outlay	15,899	17,065	20,000	20,000	0	0.0%
Other	0	0	0	0	0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	760,753	764,963	878,000	878,000	0	0.0%
Other	467,665	499,603	571,831	572,489	658	0.1%
Total OE	1,228,419	1,264,566	1,449,831	1,450,489	658	0.0%
Totals						
Funding Types						
General	0	0	0	0	0	0.0%
Federal	760,753	764,963	878,000	878,000	0	0.0%
Other	655,160	698,039	805,365	806,023	658	0.1%
Total	1,415,913	1,463,002	1,683,365	1,684,023	658	0.0%

Budget Notes

Interagency Billings - There is an increase of \$658 in other fund expenditure authority for bureau billings.

OFFICE OF HISTORY

The mission of the Office of History is to promote, nurture, and sustain the historical and cultural heritage of South Dakota by collecting, preserving, interpreting and promoting evidence of the state's irreplaceable past and making it available for the life-long education and enrichment of present and future generations. The Office of History includes the **Cultural Heritage Center**, **Historical Preservation Center**, and the **Archaeological Research Center**.

	<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	1,525,225	1,573,950	1,864,871	1,864,871	0	0.0%
Employee Benefits	453,709	537,744	551,121	551,121	0	0.0%
FTE	39.3	41.6	44.0	44.0	0.0	0.0%
Funding Types						
General	824,283	842,722	866,483	866,483	0	0.0%
Federal	288,275	347,124	364,131	364,131	0	0.0%
Other	866,376	921,848	1,185,378	1,185,378	0	0.0%
Total PS	1,978,934	2,111,694	2,415,992	2,415,992	0	0.0%
Operating Expenses						
Travel	126,994	137,736	202,027	202,027	0	0.0%
Contractual Services	1,435,089	1,602,488	2,111,737	2,141,279	29,542	1.4%
Supplies & Materials	142,174	145,814	166,977	166,977	0	0.0%
Grants and Subsidies	331,243	338,341	493,230	493,230	0	0.0%
Capital Outlay	16,406	62,014	28,200	28,200	0	0.0%
Other	1,328	3,715	2,000	2,000	0	0.0%
Funding Types						
General	886,618	985,729	975,411	1,001,274	25,863	2.7%
Federal	458,336	629,190	539,773	541,557	1,784	0.3%
Other	708,281	675,188	1,488,987	1,490,882	1,895	0.1%
Total OE	2,053,235	2,290,107	3,004,171	3,033,713	29,542	1.0%
Totals						
Funding Types						
General	1,710,901	1,828,451	1,841,894	1,867,757	25,863	1.4%
Federal	746,611	976,314	903,904	905,688	1,784	0.2%
Other	1,574,657	1,597,036	2,674,365	2,676,260	1,895	0.1%
Total	4,032,169	4,401,801	5,420,163	5,449,705	29,542	0.5%

Budget Notes

- A. Interagency Billings** – For the Cultural Heritage Center there is an increase of \$25,863 in general funds and an increase of \$1,895 in other funds, due to changes in bureau billings. For the Historical Preservation Center there is an increase of \$1,784 in federal funds due to changes in bureau billings.

Other Fund Balances

Company and Fund Name	Blue Book Page			60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Months	
		FY2012	FY2013		Amount	Month
Company 3006 - Tourism Promotion Fund	119	\$ 1,322,588	\$ 1,097,343	1,939,159	\$ (642,330)	July 2010
Company 3139 - Archeological Research Center	120	\$ 30,162	\$ 396,794	\$(79,364)	\$ (461,695)	September 2008
Company 3139 - Historical Society Special Revenue Fund	121	\$ 182,042	\$ 165,412	187,038	\$ 135,034	August 2012
Company 3143 - Arts - Donations and Receipts	122	\$ 263,728	\$ 297,627	198,968	\$ (28,696)	August 2009
Company 3145 - Historical Preservation Loan and Grant Fund	123	\$ 384,586	\$ 373,909	415,860	\$ 302,103	July 2008

Major Budget Change History

The gross receipts tax on visitor intensive businesses is imposed during the months of June, July, August, and September. The gross receipts tax was increased during the 2009 Legislative session from 1% to 1.5% effective on July 1, 2009. This increase was extended during the 2011 Legislative session and was to revert back to 1% on July 1, 2013. HB 1066 passed in the 2013 legislative session making the 1.5% gross receipts tax the permanent rate.

In a letter of intent from the JCA, the .5% tax increase is to fund the Tourism Challenge Program, Office of the Arts, Cultural Heritage Center, and Archeological Research Center in FY 2012.

Letter of Intent

It is the intent of the Joint Committee on Appropriations regarding Tourism Challenge Grants, Office of the Arts, Archeological Research Center, and Cultural Heritage Center that funds be administered as follows – The Department of Tourism shall provide funding for the Tourism Challenge Grants, Office of the Arts, Archeological Research Center, and Cultural Heritage Center from the proceeds generated from one-third of the gross receipts tax imposed on visitor-related businesses. Funding shall be provided in FY2012 based on a pro rata share until the Tourism Challenge Grants are funded at \$2,000,000, the Office of the Arts receives \$668,509, the Archeological Research Center receives \$308,782, and the Cultural Heritage Center receives \$214,820 from the gross receipts tax. If revenues from one-third of the gross receipts tax is less than these amounts in total, then the difference shall be shared by each program based a percent to the total using the amounts above. The Department of Tourism shall also provide a report on a quarterly basis to the Joint Committee on Appropriations regarding the gross receipts tax collections and the status of funding the Tourism Challenge Grants, Office of the Arts, Archeological Research Center and Cultural Heritage Center as stated above.

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	\$32,703	\$10,596	\$82,569	\$125,868
Health Insurance	\$27,167	\$8,875	\$69,719	\$105,761
Movement Toward Job Worth (PACE)	\$11,569	\$6,163	\$29,147	\$46,878
Pay for Performance (Career Band Families)	\$0	\$0	\$0	\$0
Targeted Compensation Adjustments	\$0	\$0	\$0	\$0
Total of all Components	\$71,439	\$25,634	\$181,435	\$278,507

- 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 Tourism 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	817,787.42	54,557.11	245,317.17	1,117,661.70
Bureau of Finance and Management	3,678.50	11.33	30,402.69	34,092.52
Bureau of Human Resources	4,752.43	-	8,701.89	13,454.32
Bureau of Information and Telecommunications	66,308.18	19,728.35	119,725.13	205,761.66
<i>Total Bureau Billings</i>	<i>892,527</i>	<i>74,297</i>	<i>404,147</i>	<i>1,370,970</i>

