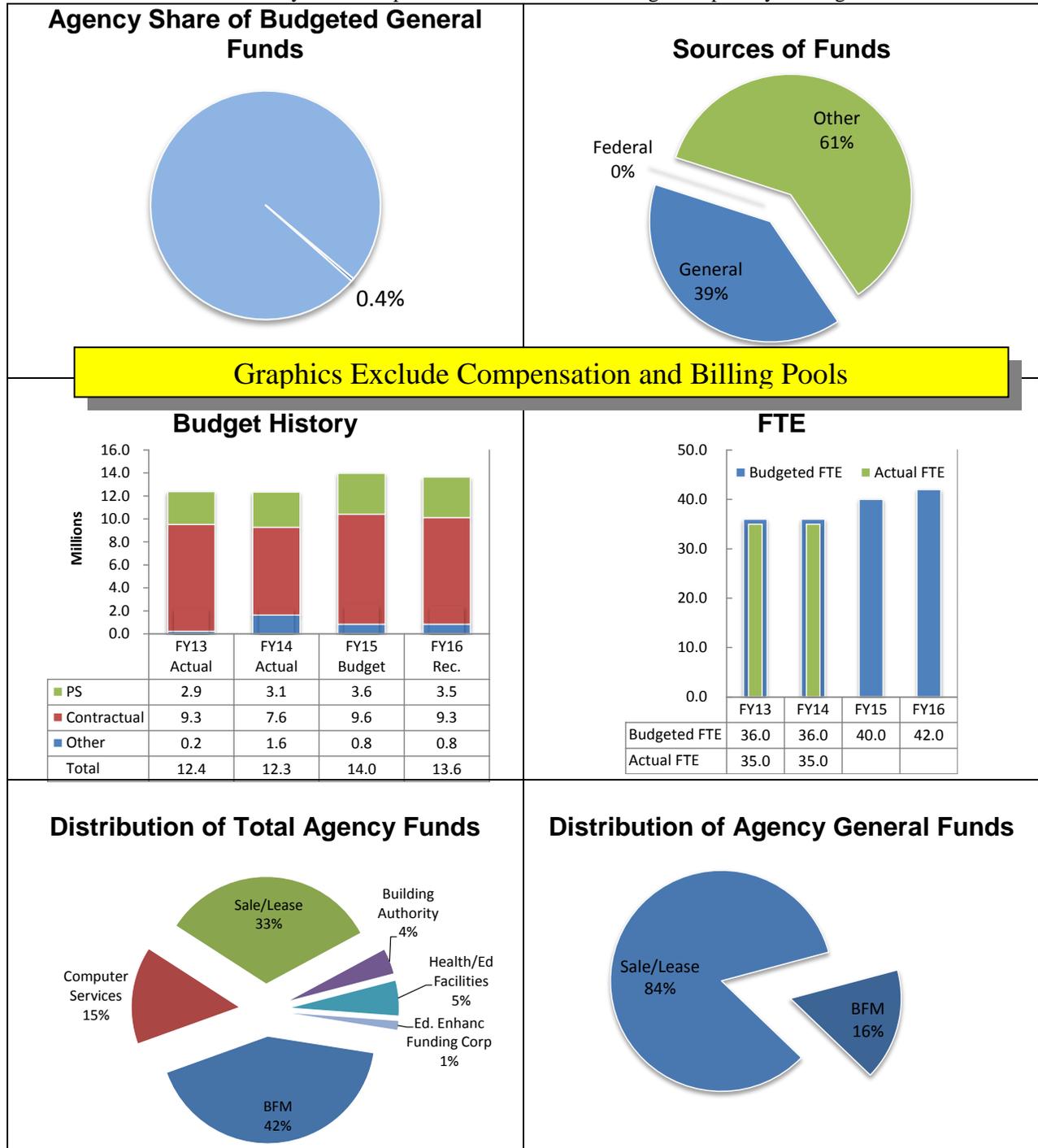


FY16 Budget Briefing

Bureau of Finance and Management

Information contained in this document is based on the Governor's original recommended FY16 budget.
This document may not correspond with the final FY16 budget adopted by the Legislature.



Key Personnel

- Jason Dilges, Commissioner
- Colin Keeler, Financial Systems
- Terry Miller, Finance Officer
- Keith Senger, Accounting Analysis & Financial Reporting

Department Total - **Includes Compensation and Billing Pools**

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16
Personal Services						
Employee Salaries	2,199,399	2,363,640	3,314,620	2,774,351	27,695,768	24,381,148
Employee Benefits	651,269	699,326	3,785,546	758,247	4,278,199	492,653
FTE	35.0	35.0	40.0	42.0	42.0	2.0
Funding Types						
General	567,967	618,996	662,937	662,937	11,518,614	10,855,677
Federal	0	0	741	0	5,516,019	5,515,278
Other	2,282,702	2,443,970	6,436,488	2,869,661	14,939,334	8,502,846
Total PS	2,850,668	3,062,966	7,100,166	3,532,598	31,973,967	24,873,801
Operating Expenses						
Travel	61,977	65,396	91,852	94,352	94,352	2,500
Contractual Services	9,127,814	7,634,429	9,631,374	9,280,014	14,003,824	4,372,450
Supplies & Materials	111,403	104,178	135,188	136,188	136,188	1,000
Capital Outlay	45,688	1,470,364	615,056	617,956	617,956	2,900
Other	5	0	0	0	0	0
Funding Types						
General	6,270,243	5,234,993	5,248,856	4,717,921	6,193,037	944,181
Federal	0	0	0	0	953,123	953,123
Other	3,076,644	4,039,374	5,224,614	5,410,589	7,706,160	2,481,546
Total OE	9,346,887	9,274,367	10,473,470	10,128,510	14,852,320	4,378,850
Totals						
Funding Types						
General	6,838,210	5,853,989	5,911,793	5,380,858	17,711,651	11,799,858
Federal	0	0	741	0	6,469,142	6,468,401
Other	5,359,345	6,483,344	11,661,102	8,280,250	22,645,494	10,984,392
Total	12,197,556	12,337,333	17,573,636	13,661,108	46,826,287	29,252,651

See PAGE 7 for BFM Totals EXCLUDING salary policy and billing pools.

Major Expansions and Reductions

	Governor's Recommended Increases and Decreases				
Budget Item	General Funds	Federal Funds	Other Funds	TOTALS	FTE
A. Faster CAFR Initiative			165,707	165,707	2.0
B. Software Maintenance			169,329	169,329	
C. Adjust Sale/Leaseback Payment	(530,000)			(530,000)	
D. Realign Building Authority Budget			(88,958)	(88,958)	(1.4)
E. Realign Health & Ed Facilities Authority Budget			(47,537)	(47,537)	1.4
BFM Total Excluding Pools	(530,000)	-	198,541	(331,459)	2.0
Salary Pool Increase (PS)	10,855,677	5,515,278	8,548,358	24,919,313	
Salary Pool Increase (OE)	278,141	53,387	(58,078)	273,450	
Salary Pool Increase	11,133,818	5,568,665	8,490,280	25,192,763	
Bureau Billing for 2% Salary Inc.	165,973	127,841	385,554	679,368	
Bureau Billing for Expansion	437,085	385,951	1,158,793	1,981,829	
Bureau Billing Pool Increase	603,058	513,792	1,544,347	2,661,197	
Captive Insurance Pool	592,982	385,944	751,224	1,730,150	
Pools - Salary Policy, Bureau Billings, Captive Insurance	12,329,858	6,468,401	10,785,851	29,584,110	0.0
TOTAL	11,799,858	6,468,401	10,984,392	29,252,651	2.0

A. Last year, the Governor and Commissioner Dilges made a commitment to have the Comprehensive Annual Financial Report (CAFR) issued by December 31 for FY16 (six months after the close of the fiscal year), which is similar to the goal for many other states. In the past, South Dakota has taken as long as a year to issue the CAFR.

In **FY15**, increases were made to the State's budget for the Faster CAFR Initiative:

1. BFM - \$233,306 other funds and 3.0 FTE
2. Legislative Audit – \$172,275 general funds and 3.0 FTE
3. Board of Regents - \$313,416 general funds and 3.0 FTE
4. Education - \$100,000 general funds for the EGrant system

For FY16, BFM is requesting 2.0 additional accountants to work on the CAFR and the associated funding to support them. (\$165,707 other funds)

- B. Software Maintenance Costs - The Governor is recommending an increase of \$169,329 for software maintenance costs associated with the state's financial systems.
- C. Sale/Leaseback Payment Increase – The decreased amount is based on the payment schedule provided by the South Dakota Building Authority. See Page 8 for more information on the Sale/Leaseback program.

- D. South Dakota Building Authority – Informational Budget - Reduction of \$88,958 in other fund spending authority to realign expenditures. (Page 13)
- E. Health and Education Facilities Authority – Informational Budget - Decrease of \$47,537 in other fund spending authority to realign expenditures. (Page 14)

Governor's Recommended Employee Compensation and Billings Pool – (from page 01-23 of the Governor's FY16 budget book)

For FY16, the Governor recommended the 1) state employee compensation plan, 2) bureau billings, and 3) captive insurance be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or captive insurance.*

1. Below are the estimated distributions for employee compensation for FY16. BFM will distribute dollars from the Pool after employees are placed in the new General Pay Structure and career band pay-for-performance scores and percentages are calculated. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

Est. FY16 Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Market Adjustments	12,946	0	56,040	68,986
Movement Toward Market Value	16,392	0	35,722	52,114
<i>Total Comp Pkg</i>	29,338	-	91,762	121,100

- Recommended FY16 – 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
- FY15 – 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.
- FY14 – 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.
- FY13 – 3% across-the-board for all permanent employees (including Career Bands); 2.5% adjustment toward job worth for PACE; 0%-7% adjustment toward market value for Career Bands; 3.3% health insurance.

Governor's Recommended Employee Compensation and Billings Pool, cont.

2. Below are the estimated distributions for bureau billings for FY16. The amount distributed to the agency will be in addition to the agency's appropriated contractual services budget.

Est. FY16 Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau Billings for Expansion	838	0	25,427	26,265
Bureau Billings for Comp Pkg	581	0	7,284	7,865
<i>Total</i>	1,419	-	32,711	34,130

3. The estimated distribution to each agency for Captive Insurance is not available at this time.

Interagency Billings

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

FY14 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	33,530	-	186,524	220,054
Bureau of Finance and Management	-	-	2,411	2,411
Bureau of Human Resources	6,639	-	11,688	18,326
Bureau of Information and Telecommunications	15,859	-	681,844	697,703
<i>Total Bureau Billings</i>	56,028	-	882,467	938,495

Department Object Detail – Excluding Compensation and Billing Pools

Item	Actual Expenditures ←			→ Budgeted Expenditures			
	Actual FY2012	Actual FY2013	Actual FY2014	Budgeted FY2015	Governor Rec FY2016	Inc/Dec Over FY2015	% Change Over FY2015
PERSONAL SERVICES							
General	569,072	567,967	618,996	662,937	662,937	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	2,270,079	2,282,702	2,443,970	2,900,457	2,854,945	(45,512)	(1.6%)
Total Personal Services	2,839,151	2,850,669	3,062,966	3,563,394	3,517,882	(45,512)	(1.3%)
FTE	36.0	35.0	35.0	40.0	42.0	2.0	5.0%
TRAVEL							
General	31,115	25,396	38,306	32,974	32,974	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	31,424	36,581	27,090	58,878	61,378	2,500	4.2%
Total Travel	62,539	61,977	65,396	91,852	94,352	2,500	2.7%
CONTRACTUAL SERVICES							
General	6,824,614	6,215,581	5,179,899	5,199,363	4,669,363	(530,000)	(10.2%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	2,366,688	2,912,234	2,454,530	4,372,998	4,610,651	237,653	5.4%
Total Contractual Services	9,191,302	9,127,815	7,634,429	9,572,361	9,280,014	(292,347)	(3.1%)
SUPPLIES AND MATERIALS							
General	17,388	9,026	14,189	13,584	13,584	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	94,070	102,377	89,989	121,604	122,604	1,000	0.8%
Total Supplies and Materials	111,458	111,403	104,178	135,188	136,188	1,000	0.7%
CAPITAL OUTLAY							
General	4,384	20,236	2,600	2,000	2,000	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	15,350	25,452	1,467,764	613,056	615,956	2,900	0.5%
Total Capital Outlay	19,734	45,688	1,470,364	615,056	617,956	2,900	0.5%
OTHER							
General	5	5	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0	0.0%
Total Other	5	5	0	0	0	0	0.0%
TOTAL							
General	7,446,578	6,838,211	5,853,990	5,910,858	5,380,858	(530,000)	(9.0%)
Federal	0	0	0	0	0	0	0.0%
Other Funds	4,777,611	5,359,346	6,483,343	8,066,993	8,265,534	198,541	2.5%
Total All Funds	12,224,189	12,197,557	12,337,333	13,977,851	13,646,392	(331,459)	(2.4%)

BUREAU OF FINANCE AND MANAGEMENT

The mission of the Bureau of Finance and Management is to promote efficient and effective management of the state of South Dakota; to advise the Governor on the overall fiscal policy; to complete and present the annual fiscal plan; and to manage the central accounting and payroll systems.

BFM Total – Excluding Compensation and Billing Pools

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	2,199,399	2,363,640	2,774,500	2,774,351	2,763,301	(11,199)	(0.4%)
Employee Benefits	651,269	699,326	788,894	758,247	754,581	(34,313)	(4.3%)
FTE	35.0	35.0	40.0	42.0	42.0	2.0	5.0%
Funding Types							
General	567,967	618,996	662,937	662,937	662,937	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	2,282,702	2,443,970	2,900,457	2,869,661	2,854,945	(45,512)	(1.6%)
Total PS	2,850,669	3,062,966	3,563,394	3,532,598	3,517,882	(45,512)	(1.3%)
Operating Expenses							
Travel	61,977	65,396	91,852	94,352	94,352	2,500	2.7%
Contractual Services	9,127,814	7,634,429	9,572,361	9,280,014	9,280,014	(292,347)	(3.1%)
Supplies & Materials	111,403	104,178	135,188	136,188	136,188	1,000	0.7%
Capital Outlay	45,688	1,470,364	615,056	617,956	617,956	2,900	0.5%
Other	5	0	0	0	0	0	0.0%
Funding Types							
General	6,270,243	5,234,993	5,247,921	4,717,921	4,717,921	(530,000)	(10.1%)
Federal	0	0	0	0	0	0	0.0%
Other	3,076,644	4,039,374	5,166,536	5,410,589	5,410,589	244,053	4.7%
Total OE	9,346,887	9,274,367	10,414,457	10,128,510	10,128,510	(285,947)	(2.7%)
Totals							
Funding Types							
General	6,838,210	5,853,989	5,910,858	5,380,858	5,380,858	(530,000)	(9.0%)
Federal	0	0	0	0	0	0	0.0%
Other	5,359,345	6,483,344	8,066,993	8,280,250	8,265,534	198,541	2.5%
Total	12,197,555	12,337,333	13,977,851	13,661,108	13,646,392	(331,459)	(2.4%)

See PAGE 2 for BFM Totals INCLUDING the salary policy and billing pools.

SALE/LEASEBACK - BFM

The purpose of this budget is to make lease payments pursuant to the lease entered into between the Board of Charities and Corrections and the South Dakota Building Authority dated December 1, 1986. The final payment will be made in December 2016 (FY17). The FY18 budget and future budgets will not include the \$4.5M annual payment.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Operating Expenses							
Contractual Services	6,022,565	5,000,000	5,030,000	4,500,000	4,500,000	(530,000)	(10.5%)
Funding Types							
General	6,022,565	5,000,000	5,030,000	4,500,000	4,500,000	(530,000)	(10.5%)
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total OE	6,022,565	5,000,000	5,030,000	4,500,000	4,500,000	(530,000)	(10.5%)
Totals							
Funding Types							
General	6,022,565	5,000,000	5,030,000	4,500,000	4,500,000	(530,000)	(10.5%)
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total	6,022,565	5,000,000	5,030,000	4,500,000	4,500,000	(530,000)	(10.5%)

Budget Notes

Requested decrease of \$530,000 is based on the payment schedule provided by the SD Building Authority.

Sale/Leaseback History

- In the 1980's, the Legislature sold most state-owned buildings and leased them back for state use. This was a revenue generating initiative for the state to use the investment income on the money received from the sale of the buildings. Part of the investment income was to be used to pay for the leases, and the other portion would be realized as net earnings.
- The state sold its office buildings valued at approximately \$200,000,000 to the South Dakota Building Authority.
- To pay for the buildings, the South Dakota Building Authority (SDBA) sold bonds. Bond payments by SDBA to the bondholders would be made out of payments by the state for the use of the same buildings.
- The state then took the \$200,000,000 and purchased an annuity contract for \$183,500,000 on the lives of a pool of retired state employees in the SDRS. The revenue stream to the state from the annuity contract would be used to make payments to the SDBA. Of the remaining \$16.5 million, \$14.5 million was used to fund one-time

Sale/Leaseback Budget Notes, cont.

capital projects, and \$2 million was held in reserve to protect against the pool of retired employees dying faster than actuarial projections.

- At the end of the 30-year contract (2016), the state will resume ownership of the buildings from the South Dakota Building Authority.
- The Building Authority provides for the payment of the original sale/leaseback (Foss, Anderson, State Library, Commerce Building, Becker-Hansen, and Soldiers' and Sailors' War Memorial buildings). The original closing date was December 18, 1986, and the final payment will be December 1, 2016 (FY17). The activity was refinanced in 1996 to take advantage of a more favorable interest rate. The refinancing in 1996 did not change the final payment date of 12/1/16.
- The funds budgeted are receipted and paid out on the same day. There is no net impact to the general fund.
- The increase is based on the payment schedule provided by the South Dakota Building Authority.
- This is only a portion of the sale-leaseback program; the remaining portion is reported through the Bureau of Administration.

COMPUTER SERVICES AND DEVELOPMENT

The purpose of this pool is to provide for the development and maintenance of computer systems in various state agencies.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Operating Expenses							
Contractual Services	0	0	2,000,000	2,000,000	2,000,000	0	0.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	2,000,000	2,000,000	2,000,000	0	0.0%
Total OE	0	0	2,000,000	2,000,000	2,000,000	0	0.0%
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	2,000,000	2,000,000	2,000,000	0	0.0%
Total	0	0	2,000,000	2,000,000	2,000,000	0	0.0%

Budget Notes

The Governor is recommending no change for the computer services and development pool.

History

This pool has been in place since FY1993 and was created for one-time development of computer projects in state agencies. The FY13 and FY14 budgets both included \$1,717,364, but show as zero above because the authority was transferred to other agencies or budget units and not utilized in this budget unit.

The Commissioner of the Bureau of Finance and Management determines which projects will be funded and transfers the spending authority to that agency.

<u>Budget History</u>	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY1993	163,522	0	717,364	880,886
FY1994-98	0	0	717,364	880,886
FY1999-01	500,000	0	1,717,364	2,217,364
FY2002	400,000	0	1,717,364	2,117,364
FY2003-14	0	0	1,717,364	1,717,364
FY2015	0	0	2,000,000	2,000,000

CONSERVATION RESERVE ENHANCEMENT PROGRAM - INFORMATIONAL

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Operating Expenses							
Contractual Services	10,141	4,106	0	0	0	0	0.0%
Supplies & Materials	1,060	377	0	0	0	0	0.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	11,201	4,483	0	0	0	0	0.0%
Total OE	11,201	4,483	0	0	0	0	0.0%
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	11,201	4,483	0	0	0	0	0.0%
Total	11,201	4,483	0	0	0	0	0.0%

Budget Notes

From the 2014 SD Building Authority Annual Report Page 19

Note 5. Conservation Reserve Enhancement Program (CREP)

South Dakota's Conservation Reserve Enhancement Program was designed to provide for the Authority, using its bonding authority, to advance to Conservation Reserve Program (CRP) participants a one-time lump sum of money representing a certain present value percentage of their remaining CRP payments. In order to obtain this advance, CRP participants have to enter into Successor-in-Interest Agreements with the Authority so that 100% of their remaining CRP payments are made by Commodity Credit Corporation of the United States Department of Agriculture to the Authority.

The Conservation Reserve Enhancement Program was closed out in fiscal year 2014. The assets and liabilities were written off and the remaining cash balance in the Administrative fund was transferred to the South Dakota Building Authority to close out this program.

BUILDING AUTHORITY - INFORMATIONAL

The mission of the SD Building Authority is to finance the construction and/or improvements to hospitals, housing facilities, penitentiaries, administrative facilities, classrooms, dining halls, field houses, parking facilities, union buildings, libraries, recreational areas, laboratories, offices, and similar facilities for use by the State of South Dakota.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	103,737	116,238	122,550	2,500	2,500	(120,050)	(98.0%)
Employee Benefits	38,353	39,216	41,130	0	0	(41,130)	(100.0%)
FTE	1.3	1.3	1.4	0.0	0.0	(1.4)	(100.0%)
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	142,090	155,454	163,680	2,500	2,500	(161,180)	(98.5%)
Total PS	142,090	155,454	163,680	2,500	2,500	(161,180)	(98.5%)
Operating Expenses							
Travel	8,854	3,508	11,000	11,000	11,000	0	0.0%
Contractual Services	573,169	373,145	426,824	499,046	499,046	72,222	16.9%
Supplies & Materials	7,344	2,990	4,500	4,500	4,500	0	0.0%
Capital Outlay	3,013	0	2,000	2,000	2,000	0	0.0%
Other	0	0	0	0	0	0	0.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	592,381	379,643	444,324	516,546	516,546	72,222	16.3%
Total OE	592,381	379,643	444,324	516,546	516,546	72,222	16.3%
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	734,471	535,097	608,004	519,046	519,046	(88,958)	(14.6%)
Total	734,471	535,097	608,004	519,046	519,046	(88,958)	(14.6%)

Budget Notes

The South Dakota Building Authority is continuously appropriated and is included as an informational budget unit. The Authority is funded with bond administration fees. The Governor is recommending a transfer of 1.4 FTEs from this authority to the Health and Education Facilities Authority to better reflect where the FTEs are actually being utilized.

The Authority is shifting spending authority from personal services to contractual services to pay for accounting services provided by the Health and Education Facilities Authority.

HEALTH AND ED FACILITIES AUTHORITY - INFORMATIONAL

The Health & Ed. Facilities Authority was created to:

- Assist private nonprofit health and educational facilities and educational institutions in South Dakota in the construction, acquisition, financing and refinancing of projects to be undertaken for health and higher education programs;
- Assist South Dakota school districts and public bodies to alleviate cash flow shortages and reduce short-term borrowing costs; finance capital improvements for vocational education;
- Assist public bodies in the financing of real property, equipment or other personal property; and
- Assist public bodies, health institutions and dedicational institutions in the investment of funds intended for use of application in connection with any purpose or program.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	345,045	347,108	378,201	379,371	368,321	(9,880)	(2.6%)
Employee Benefits	135,745	127,105	148,981	125,858	122,192	(26,789)	(18.0%)
FTE	3.7	3.7	4.6	6.0	6.0	1.4	30.4%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	480,790	474,213	527,182	505,229	490,513	(36,669)	(7.0%)
Total PS	480,790	474,213	527,182	505,229	490,513	(36,669)	(7.0%)
Operating Expenses							
Travel	16,578	13,867	19,056	19,056	19,056	0	0.0%
Contractual Services	172,706	180,235	197,405	186,637	186,637	(10,768)	(5.5%)
Supplies & Materials	14,066	11,969	16,480	16,480	16,480	0	0.0%
Capital Outlay	3,883	3,531	4,220	4,120	4,120	(100)	(2.4%)
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	207,233	209,602	237,161	226,293	226,293	(10,868)	(4.6%)
Total OE	207,233	209,602	237,161	226,293	226,293	(10,868)	(4.6%)
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	688,023	683,815	764,343	731,522	716,806	(47,537)	(6.2%)
Total	688,023	683,815	764,343	731,522	716,806	(47,537)	(6.2%)

Budget Notes

The Authority consists of seven members serving five-year terms who are appointed by the Governor. All members of the Authority serve without compensation but are entitled to reimbursement for actual or necessary expenses incurred in the performance of their duties.

The recommended increase in FTEs is a transfer from the Building Authority to reflect actual utilization. All other decreases in this budget are to “meet anticipated needs in FY2016”, as stated in the Authority’s budget narrative.

Salaries and Benefits

Average Salary for the six FTE is \$61,387

Average Benefits are \$20,365

Average Percent of Benefits to Total Compensation: 24.9%

Operating Expenses

Includes funding to attend meetings for new financings, closings and project site visits for post-issuance compliance checks, legal services, audit and accounting services, dues and memberships, rent, telecommunications services, supplies, etc.

Capital Assets

Historical expenditures:

FY13 \$3,883

FY14 \$3,531

FY15 \$4,220

FY16 Recommended \$4,120

ED ENHANCEMENT FUNDING CORP. - INFORMATIONAL

The mission of the Education Enhancement Funding Corporation was to issue Tobacco Settlement Asset-Backed Bonds to provide upfront cash to the State of South Dakota in exchange for an assignment of the State of South Dakota future Master Settlement Agreement tobacco payments for as long as the Educational Enhancement Funding Corporation's bonds are outstanding.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
Personal Services							
Employee Salaries	0	32,000	0	0	0	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	32,000	0	0	0	0	0.0%
Total PS	0	32,000	0	0	0	0	0.0%
Operating Expenses							
Travel	4,972	2,179	10,300	10,300	10,300	0	0.0%
Contractual Services	134,333	105,594	167,871	167,871	167,871	0	0.0%
Supplies & Materials	3,000	3,000	3,090	3,090	3,090	0	0.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	142,305	110,773	181,261	181,261	181,261	0	0.0%
Total OE	142,305	110,773	181,261	181,261	181,261	0	0.0%
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	142,305	142,773	181,261	181,261	181,261	0	0.0%
Total	142,305	142,773	181,261	181,261	181,261	0	0.0%

Budget Notes

From the 2014 Education Enhancement Funding Corporation Annual Report (Page 20)

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Contingency 1. The EEFC purchased future Tobacco Settlement Revenues ("TSRs") from the State of South Dakota by issuing long-term bonds. The future collection of the TSRs will be used to pay the debt service of the EEFC.

Contingency 2. South Dakota received only a portion of its expected April 2014 annual MSA payment, in part due to a dispute with certain Participating Manufacturers over the applicability of a Nonparticipating Manufacturer ("NPM") Adjustment. The NPM Adjustment procedure is found in Section IX(d) of the Master Settlement Agreement ("MSA").

Budget Notes – EEFC, cont.

Note 5 - Annual Report, cont.

A MSA Settling State will not be subject to an NPM Adjustment for a particular year if it is found to have "diligently enforced" its Qualifying Statute throughout that year. The nationwide arbitration involving the Participating Manufacturers and most of the MSA Settling States regarding the 2004 NPM Adjustment is commencing at this time and is therefore still pending.

Several Participating Manufacturers reduced their April 2014 annual MSA payments to many of the MSA Settling States, either withholding a portion of the payment or placing the disputed amount into a disputed payment account. Again, it is anticipated that these amounts will not be disbursed to the States until the dispute is resolved with finality.

Likewise, it is expected that several Participating Manufacturers will seek an NPM Adjustment with respect to the annual MSA payment due in April 2015. As in the past, the Participating Manufacturers might withhold the disputed amount or place it in a disputed payment account until the issue is resolved. Whether such a reduction will be made, and if so, the amount of the reduction, is not known at this time.

Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance June 30					60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Years	
		FY2010	FY2011	FY2012	FY2013	FY2014		Amount	Month
Company 3003 - Dakota Cement Trust	27	210,980,552	242,694,682	235,408,182	234,202,404	242,618,395	236,998,276	N/A	N/A
Company 3004 - Health Care Trust	28	93,580,202	107,927,588	99,265,017	105,752,677	110,084,786	128,819,598	N/A	N/A
Company 3005 - Education Enhancement Trust	29	341,082,078	391,603,272	365,636,868	388,652,372	411,887,732	374,065,754	N/A	N/A
Company 3005 Critical Teaching Needs Scholarship Program	30				1,500,000	1,500,000	400,000	#	N/A
Company 3005 - SD Need-Based Grant Fund	31				1,500,000	1,500,000	400,000	#	N/A
Company 3018 - Health Care Tobacco Tax Fund	32	0	0	0	0	0	11	0	July 2009
Company 6010 - Budgetary Accounting Fund	33	2,079,665	1,599,971	1,966,430	840,464	727,935	2,234,434	(64,870)	May 2014
Company 9016 - Building South Dakota Fund	34					30,000,000	2,233,333	#	0

#Average cash balance and lowest cash balance are actually less than five years due to age of fund.

COMPENSATION AND BILLING POOLS

This budget unit provides a pool of funds to be distributed to state agencies for salary, benefits, health insurance, bureau billings and captive insurance.

Center 0117 - Compensation Pool Only							
	Legislature Approved <u>FY13</u>	Legislature Approved <u>FY14</u>	Legislature Approved <u>FY15</u>	Agency Request <u>FY16</u>	Gov Rec <u>FY16</u>	Gov Rec Inc/Dec for <u>FY16</u>	% Change From <u>FY2015</u>
Personal Services							
General		16,250,655	19,268,131	0	10,855,677	(8,412,454)	(43.7%)
Federal		9,925,262	11,072,332	0	5,516,019	(5,556,313)	(50.2%)
Other		19,433,967	22,094,651	0	12,084,389	(10,010,262)	(45.3%)
Total PS		45,609,884	52,435,114	0	28,456,085	(23,979,029)	(45.7%)
Operating Expenses - Contractual Services							
General		911,673	1,098,242	0	279,076	(819,166)	(74.6%)
Federal		367,950	386,820	0	53,387	(333,433)	(86.2%)
Other		488,842	592,048	0	0	(592,048)	(100.0%)
Total OE		1,768,465	2,077,110	0	332,463	(1,744,647)	(84.0%)
Totals							
Funding Types							
General	12,136,323	17,162,328	20,366,373	0	11,134,753	(9,231,620)	(45.3%)
Federal	7,597,846	10,293,212	11,459,152	0	5,569,406	(5,889,746)	(51.4%)
Other	13,773,836	19,922,809	22,686,699	0	12,084,389	(10,602,310)	(46.7%)
Total	33,508,005	47,378,349	54,512,224	0	28,788,548	(25,723,676)	(47.2%)

Center 0117 - Bureau Billing Pool Only							
	Actual <u>FY13</u>	Actual <u>FY14</u>	Budgeted <u>FY15</u>	Agency Request <u>FY16</u>	Gov Rec <u>FY16</u>	Gov Rec Inc/Dec for <u>FY16</u>	% Change From <u>FY2015</u>
Operating Expenses - Contractual Services							
General	0	0		0	603,058	603,058	
Federal	0	0		0	513,792	513,792	
Other	0	0		0	1,544,347	1,544,347	
Total OE	0	0		0	2,661,197	2,661,197	

Center 0117 - Captive Insurance Pool Only							
	Actual <u>FY13</u>	Actual <u>FY14</u>	Budgeted <u>FY15</u>	Agency Request <u>FY16</u>	Gov Rec <u>FY16</u>	Gov Rec Inc/Dec for <u>FY16</u>	% Change From <u>FY2015</u>
Operating Expenses - Contractual Services							
General	0	0		0	592,982	592,982	
Federal	0	0		0	385,944	385,944	
Other	0	0		0	751,224	751,224	
Total OE	0	0		0	1,730,150	1,730,150	

Center 0117 - Total Employee Compensation and Billing Pools

	<u>Actual FY13</u>	<u>Actual FY14</u>	<u>Budgeted FY15</u>	<u>Agency Request FY16</u>	<u>Gov Rec FY16</u>	<u>Gov Rec Inc/Dec for FY16</u>	<u>% Change From FY2015</u>
Personal Services							
Employee Salaries	0	0	540,120	0	24,932,467	24,392,347	4,516.1%
Employee Benefits	0	0	2,996,652	0	3,523,618	526,966	17.6%
FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Funding Types							
General	0	0	0	0	10,855,677	10,855,677	0.0%
Federal	0	0	741	0	5,516,019	5,515,278	744,302.0%
Other	0	0	3,536,031	0	12,084,389	8,548,358	241.8%
Total PS	0	0	3,536,772	0	28,456,085	24,919,313	704.6%
Operating Expenses - Contractual Services							
General	0	0	935	0	1,475,116	1,474,181	157,666.4%
Federal	0	0	0	0	953,123	953,123	0.0%
Other	0	0	58,078	0	2,295,571	2,237,493	3,852.6%
Total OE	0	0	59,013	0	4,723,810	4,664,797	7,904.7%
Totals							
Funding Types							
General	0	0	935	0	12,330,793	12,329,858	1,318,701.4%
Federal	0	0	741	0	6,469,142	6,468,401	872,928.6%
Other	0	0	3,594,109	0	14,379,960	10,785,851	300.1%
Total	0	0	3,595,785	0	33,179,895	29,584,110	822.7%

Budget Notes

Allocation of the pooled amounts will be made based on the July 1, 2015 payroll for the following: 2% market adjustment, market adjustments for career bands, movement toward market value for the general pay structure and PACE. The Pay for Performance allocation will be made later in FY2016.

The amounts displayed in the “Budgeted FY15” column reflect the difference between the estimates made last session and the actual distribution.

Details of estimated distribution of the salary policy pool and the bureau billings are on the following pages.

At the time of this writing, no details were available for the distribution of the pool for captive insurance of \$592,982 in general funds, \$385,944 in federal fund expenditure authority, and \$751,224 in other fund expenditure authority.

Governor's Recommended FY2016 Employee Compensation Plan
Total of all Salary Package Components
 (Details on following two pages.)
 (BFM Estimated Distributions by Agency)

Agency Name	General	Federal	Other	Total
Governor's Office	\$154,719	\$48,794	\$132,920	\$336,433
Finance & Management	\$29,338	\$0	\$91,762	\$121,100
Administration	\$16,311	\$763	\$296,054	\$313,128
Information & Telecommunications	\$154,420	\$5,342	\$926,763	\$1,086,525
Human Resources	\$7,956	\$149	\$149,954	\$158,059
Revenue	\$37,437	\$0	\$553,163	\$590,600
Agriculture	\$200,916	\$113,420	\$161,139	\$475,475
Tourism	\$43,261	\$15,554	\$114,667	\$173,482
Game, Fish & Parks	\$105,806	\$175,429	\$800,090	\$1,081,325
Tribal Affairs	\$14,913	\$0	\$0	\$14,913
Social Services	\$2,014,548	\$1,542,271	\$148,379	\$3,705,198
Health	\$143,574	\$553,508	\$479,558	\$1,176,640
Labor and Regulation	\$28,207	\$715,442	\$255,625	\$999,274
Retirement System	\$0	\$0	\$71,931	\$71,931
Transportation	\$8,707	\$188,736	\$2,122,540	\$2,319,983
Education	\$170,280	\$169,431	\$7,611	\$347,322
Public Safety	\$83,883	\$101,342	\$797,392	\$982,617
Board of Regents	\$4,118,858	\$783,619	\$4,393,457	\$9,295,934
Military	\$36,417	\$175,917	\$3,779	\$216,113
Veterans' Affairs	\$98,873	\$37,262	\$77,967	\$214,102
Corrections	\$1,955,885	\$15,586	\$89,270	\$2,060,741
Human Services	\$416,402	\$698,577	\$5,462	\$1,120,441
Environment & Natural Resources	\$239,352	\$176,293	\$107,315	\$522,960
Public Utilities Commission	\$9,044	\$3,846	\$36,998	\$49,888
Unified Judicial System	\$647,706	\$5,011	\$46,566	\$699,283
Legislative Research Council	\$48,076	\$0	\$0	\$48,076
Legislative Audit	\$57,176	\$0	\$0	\$57,176
Attorney General	\$247,728	\$41,283	\$93,262	\$382,273
School and Public Lands	\$7,538	\$0	\$0	\$7,538
Secretary of State	\$11,926	\$1,831	\$2,751	\$16,508
State Treasurer	\$6,674	\$0	\$4,707	\$11,381
Investment Council	\$0	\$0	\$113,307	\$113,307
State Auditor	\$18,822	\$0	\$0	\$18,822
	\$11,134,753	\$5,569,406	\$12,084,389	\$28,788,548

Governor's Recommended FY2016 Employee Compensation Plan
Salary Package Component 1 of 2
Market Adjustments
(BFM Estimated Distributions by Agency)

Agency Name	General	Federal	Other	Total
Governor's Office	\$63,843	\$38,745	\$119,485	\$222,073
Finance & Management	\$12,946	\$0	\$56,040	\$68,986
Administration	\$7,228	\$0	\$140,960	\$148,188
Information & Telecommunications	\$58,583	\$2,321	\$468,496	\$529,400
Human Resources	\$3,484	\$0	\$74,385	\$77,869
Revenue	\$16,621	\$0	\$250,776	\$267,397
Agriculture	\$89,430	\$60,858	\$81,624	\$231,912
Tourism	\$18,977	\$6,793	\$54,879	\$80,649
Game, Fish & Parks	\$46,533	\$81,620	\$398,615	\$526,768
Tribal Affairs	\$6,067	\$0	\$0	\$6,067
Social Services	\$838,208	\$721,714	\$55,804	\$1,615,726
Health	\$51,216	\$258,932	\$209,402	\$519,550
Labor and Regulation	\$16,274	\$326,056	\$119,920	\$462,250
Retirement System	\$0	\$0	\$42,958	\$42,958
Transportation	\$8,707	\$188,736	\$984,772	\$1,182,215
Education	\$77,315	\$80,258	\$4,602	\$162,175
Public Safety	\$38,927	\$52,050	\$367,951	\$458,928
Board of Regents	\$3,106,387	\$719,922	\$3,798,342	\$7,624,651
Military	\$17,229	\$86,521	\$318	\$104,068
Veterans' Affairs	\$28,860	\$21,613	\$42,533	\$93,006
Corrections	\$880,137	\$6,462	\$43,062	\$929,661
Human Services	\$197,573	\$285,757	\$2,889	\$486,219
Environment & Natural Resources	\$163,067	\$92,994	\$61,864	\$317,925
Public Utilities Commission	\$9,044	\$3,846	\$36,998	\$49,888
Unified Judicial System	\$647,706	\$5,011	\$46,566	\$699,283
Legislative Research Council	\$48,076	\$0	\$0	\$48,076
Legislative Audit	\$57,176	\$0	\$0	\$57,176
Attorney General	\$163,482	\$31,311	\$78,484	\$273,277
School and Public Lands	\$7,538	\$0	\$0	\$7,538
Secretary of State	\$11,926	\$1,831	\$2,751	\$16,508
State Treasurer	\$6,674	\$0	\$4,707	\$11,381
Investment Council	\$0	\$0	\$113,307	\$113,307
State Auditor	\$18,822	\$0	\$0	\$18,822
	\$6,718,056	\$3,073,351	\$7,662,490	\$17,453,897

Governor's Recommended FY2016 Employee Compensation Plan
Salary Package Component 2 of 2
Movement Toward Market Value
(BFM Estimated Distributions by Agency)

Agency Name	General	Federal	Other	Total
Governor's Office	\$90,876	\$10,049	\$13,435	\$114,360
Finance & Management	\$16,392	\$0	\$35,722	\$52,114
Administration	\$9,083	\$763	\$155,094	\$164,940
Information & Telecommunications	\$95,837	\$3,021	\$458,267	\$557,125
Human Resources	\$4,472	\$149	\$75,569	\$80,190
Revenue	\$20,816	\$0	\$302,387	\$323,203
Agriculture	\$111,486	\$52,562	\$79,515	\$243,563
Tourism	\$24,284	\$8,761	\$59,788	\$92,833
Game, Fish & Parks	\$59,273	\$93,809	\$401,475	\$554,557
Tribal Affairs	\$8,846	\$0	\$0	\$8,846
Social Services	\$1,176,340	\$820,557	\$92,575	\$2,089,472
Health	\$92,358	\$294,576	\$270,156	\$657,090
Labor and Regulation	\$11,933	\$389,386	\$135,705	\$537,024
Retirement System	\$0	\$0	\$28,973	\$28,973
Transportation	\$0	\$0	\$1,137,768	\$1,137,768
Education	\$92,965	\$89,173	\$3,009	\$185,147
Public Safety	\$44,956	\$49,292	\$429,441	\$523,689
Board of Regents	\$1,012,471	\$63,697	\$595,115	\$1,671,283
Military	\$19,188	\$89,396	\$3,461	\$112,045
Veterans' Affairs	\$70,013	\$15,649	\$35,434	\$121,096
Corrections	\$1,075,748	\$9,124	\$46,208	\$1,131,080
Human Services	\$218,829	\$412,820	\$2,573	\$634,222
Environment & Natural Resources	\$76,285	\$83,299	\$45,451	\$205,035
Public Utilities Commission	\$0	\$0	\$0	\$0
Unified Judicial System	\$0	\$0	\$0	\$0
Legislative Research Council	\$0	\$0	\$0	\$0
Legislative Audit	\$0	\$0	\$0	\$0
Attorney General	\$84,246	\$9,972	\$14,778	\$108,996
School and Public Lands	\$0	\$0	\$0	\$0
Secretary of State	\$0	\$0	\$0	\$0
State Treasurer	\$0	\$0	\$0	\$0
Investment Council	\$0	\$0	\$0	\$0
State Auditor	\$0	\$0	\$0	\$0
	\$4,416,697	\$2,496,055	\$4,421,899	\$11,334,651

Governor's Recommended FY2016 Budget
Billings for Salary Policy Increases in the Bureaus
(BFM Estimated Distributions by Agency)

Agency Name	General	Federal	Other	Total
Governor's Office	\$5,869	\$152	\$791	\$6,812
Finance & Management	\$581	\$0	\$7,284	\$7,865
Administration	\$488	\$3	\$12,336	\$12,827
Information & Telecommunications	\$4,410	\$3,993	\$74,448	\$82,851
Human Resources	\$503	\$31	\$19,972	\$20,506
Revenue	\$1,747	\$1,133	\$37,244	\$40,124
Agriculture	\$4,632	\$2,958	\$4,677	\$12,267
Tourism	\$12,646	\$925	\$16,497	\$30,068
Game, Fish & Parks	\$37	\$106	\$27,392	\$27,535
Tribal Affairs	\$57	\$0	\$0	\$57
Social Services	\$34,097	\$40,038	\$840	\$74,975
Health	\$3,281	\$10,760	\$8,574	\$22,615
Labor and Regulation	\$416	\$13,709	\$5,704	\$19,829
Retirement System	\$0	\$0	\$1,995	\$1,995
Transportation	\$0	\$0	\$86,654	\$86,654
Education	\$19,985	\$8,934	\$4,928	\$33,847
Public Safety	\$4,606	\$13,712	\$46,755	\$65,073
Board of Regents	\$36	\$0	\$5,574	\$5,610
Military	\$1,087	\$3,258	\$76	\$4,421
Veterans' Affairs	\$955	\$385	\$3,609	\$4,949
Corrections	\$22,585	\$643	\$4,036	\$27,264
Human Services	\$8,281	\$18,623	\$170	\$27,074
Environment & Natural Resources	\$5,298	\$7,780	\$7,832	\$20,910
Public Utilities Commission	\$100	\$138	\$2,285	\$2,523
Unified Judicial System	\$2,446	\$0	\$1,589	\$4,035
Legislative Research Council	\$10,108	\$0	\$0	\$10,108
Legislative Audit	\$724	\$0	\$0	\$724
Attorney General	\$18,723	\$517	\$2,441	\$21,681
School and Public Lands	\$400	\$0	\$0	\$400
Secretary of State	\$681	\$43	\$183	\$907
State Treasurer	\$296	\$0	\$542	\$838
Investment Council	\$0	\$0	\$1,126	\$1,126
State Auditor	\$898	\$0	\$0	\$898
	\$165,973	\$127,841	\$385,554	\$679,368

Governor's Recommended FY2016 Budget
Bureau Billings for Expanded Services
(BFM Estimated Distributions by Agency)

Agency Name	General	Federal	Other	Total
Governor's Office	\$18,861	\$384	\$1,874	\$21,119
Finance & Management	\$838	\$0	\$25,427	\$26,265
Administration	\$1,140	\$6	\$28,318	\$29,464
Information & Telecommunications	\$17,277	\$21,555	\$260,343	\$299,175
Human Resources	\$2,085	\$65	\$60,564	\$62,714
Revenue	\$3,431	\$1,322	\$120,845	\$125,598
Agriculture	\$21,314	\$12,703	\$13,943	\$47,960
Tourism	\$9,314	\$2,282	\$27,005	\$38,601
Game, Fish & Parks	\$43	\$594	\$89,919	\$90,556
Tribal Affairs	\$354	\$0	\$0	\$354
Social Services	\$100,074	\$119,793	\$1,391	\$221,258
Health	\$4,902	\$17,767	\$12,718	\$35,387
Labor and Regulation	\$463	\$35,854	\$9,601	\$45,918
Retirement System	\$0	\$0	\$5,435	\$5,435
Transportation	\$0	\$0	\$238,743	\$238,743
Education	\$79,416	\$30,390	\$20,361	\$130,167
Public Safety	\$20,639	\$54,984	\$164,418	\$240,041
Board of Regents	\$76	\$0	\$11,773	\$11,849
Military	\$2,317	\$8,522	\$117	\$10,956
Veterans' Affairs	\$2,818	\$998	\$9,389	\$13,205
Corrections	\$62,020	\$1,931	\$13,702	\$77,653
Human Services	\$21,983	\$50,705	\$402	\$73,090
Environment & Natural Resources	\$16,949	\$24,711	\$23,900	\$65,560
Public Utilities Commission	\$464	\$371	\$4,829	\$5,664
Unified Judicial System	\$743	\$0	\$2,011	\$2,754
Legislative Research Council	\$29,096	\$0	\$0	\$29,096
Legislative Audit	\$4,613	\$0	\$0	\$4,613
Attorney General	\$12,033	\$924	\$5,676	\$18,633
School and Public Lands	\$705	\$0	\$0	\$705
Secretary of State	\$205	\$90	\$142	\$437
State Treasurer	\$876	\$0	\$1,271	\$2,147
Investment Council	\$0	\$0	\$4,676	\$4,676
State Auditor	\$2,036	\$0	\$0	\$2,036
	\$437,085	\$385,951	\$1,158,793	\$1,981,829