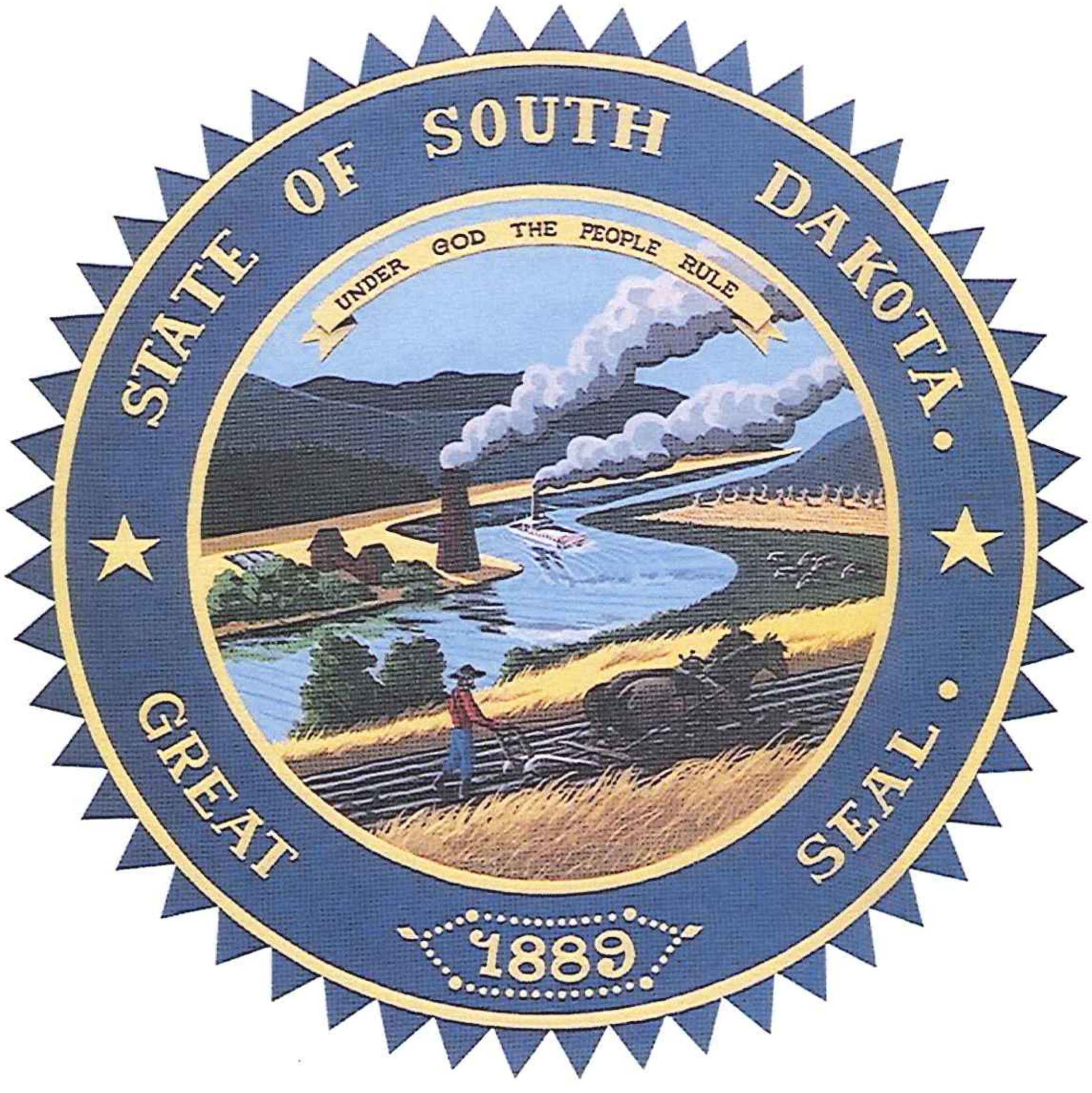
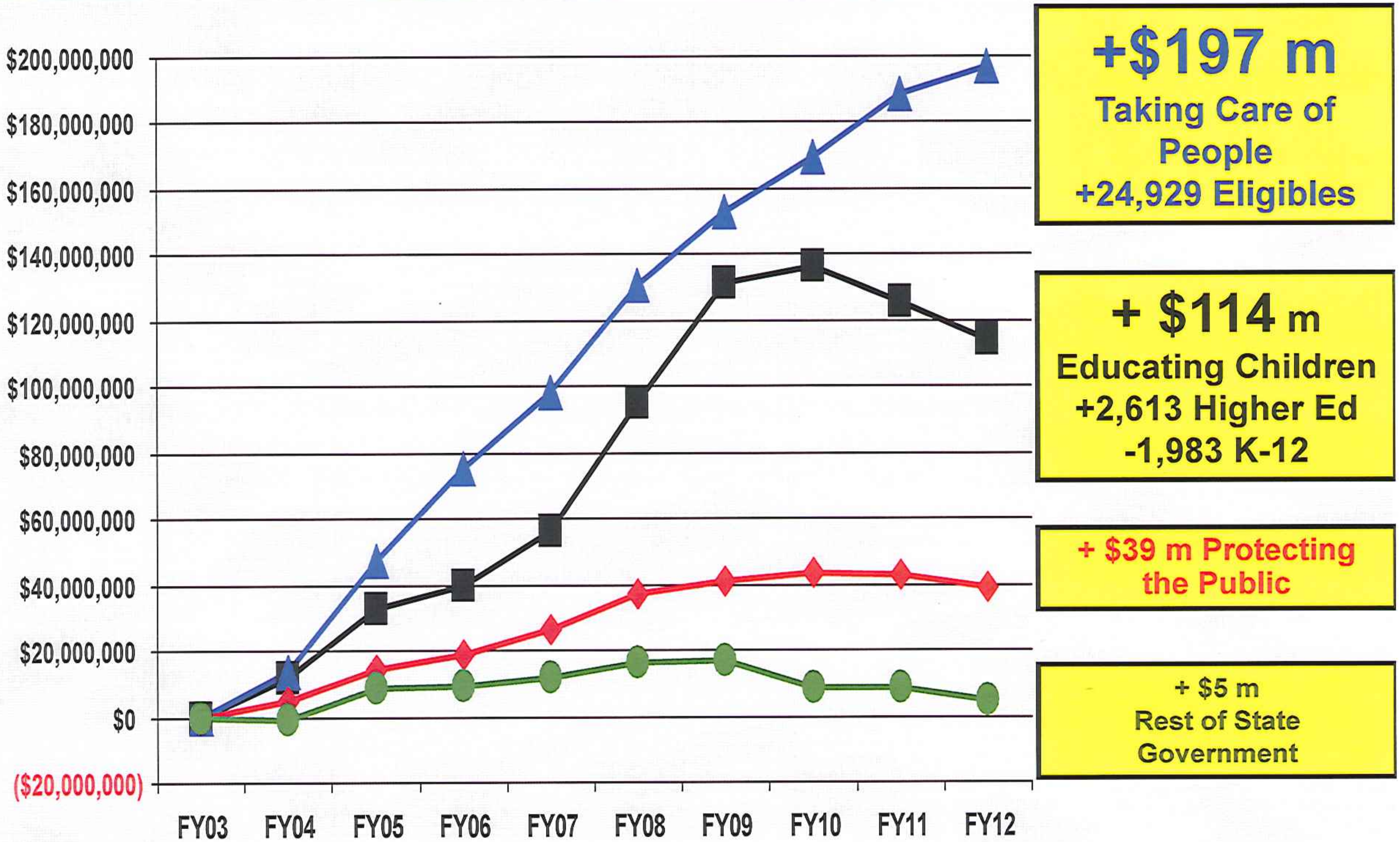
Governor Mike Rounds' FY2012 Budget Address



General Fund Expenditure Priorities*



* *Excluding Bonds and Sale/leasebacks*

General Funds Major Spending Changes For FY2012

Social Services	$38,730,532	Governor's Office	($236,947)
Corrections	$5,116,831	Legislature	($239,553)
Board of Regents	$3,818,909	Game, Fish & Parks	($260,274)
Human Services	$2,944,792	Environ. & Nat. Resources	($268,704)
School & Public Lands	$800,000	Administration	($347,292)
Transportation	$0	Public Safety	($366,906)
Unified Judicial System	$0	Mil. & Veterans' Affairs	($409,680)
Public Utilities Commission	($10,845)	Attorney General	($514,863)
Personnel	($26,000)	Info. & Telecommunications	($577,000)
State Auditor	($27,623)	Agriculture	($587,356)
State Treasurer	($35,000)	Finance & Management	($666,185)
Secretary of State	($45,307)	Health	($746,710)
Revenue and Regulation	($62,308)	Tourism & State Dev.	($838,621)
Labor	($87,617)	Education	($15,270,117)

Total = + $29,786,156

Reconciling a Balanced Budget with the Structural Deficit

	Revised FY2011	FY2012
Structural Deficit	-$108.4 m	-$74.8 m
Plus:		
One-Time Revenues	+$ 9.9 m	+$ 1.0 m
Stimulus 2	+$76.1 m	
Stimulus 3	+$17.6 m	+$36.9 m
	- $ 4.8 m	-$36.9 m
Less:		
Specials are One-time	-$ 9.2 m	$ 0.0 m
Equals:		
Use of Reserves	+$14.0 m	+$36.9 m

What it means to us along with other concerns:

	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-2010	Actual 2010-2011	Rounds Proposed 2011-2012
Actual ADM	650	602	578	594	566.03	558
Averaging		626	590	586	580.015	562.015
Loss		24	36	4	5.985	18
Per Student Allocation	$ 4,364.85	$ 4,528.80	$ 4,664.66	$ 4,804.60	$ 4,804.60	$ 4,564.37
Small School Adjustment	0	0	$ 21.19	$ 29.66	$ 42.50	$ 80.48
Total Per Student Allocation	$ 4,364.85	$ 4,528.80	$ 4,685.85	$ 4,834.26	$ 4,847.10	$ 4,644.85
	$ 2,837,152.50	$ 2,835,028.80	$ 2,764,651.50	$ 2,832,876.36	$ 2,811,390.71	$ 2,610,475.37
			Difference From Previous Year		$ (21,485.65)	$ (200,915.33)
			Running total		$ (21,485.65)	$ (222,400.99)

Bailout could be needed for cement plant retirees

By Bob Mercer
STATE CAPITOL BUREAU

PIERRE — South Dakota taxpayers face millions of dollars in payments to past employees of the state cement plant because its retirement fund is slowly going broke.

No money has been paid into the retirement fund since March 2001, when the cement plant in Rapid City and most of its related operations were sold to a private company from Mexico.

At the time the retirement fund appeared to have sufficient money set aside to cover its liabilities. But large losses in investments have left the fund's value far short of what will be needed.

Because no more money is being contributed, investments have to be sold to cover benefit payments. Selling the investments at reduced prices the past few years has left the fund with less and less opportunity to recover its previous value.

The retirement fund had been under control of the state cement plant commission. Last winter the Legislature transferred the fund's management and administration to the South Dakota Retirement System.

SDRS however isn't on the hook for it financially. SDRS administrator Rob Wylie told his board of trustees last week that he has "no intentions" of requesting money from the Legislature "in the foreseeable future" to bail it out but, he added, that day probably will come.

"We're watching over this, but ultimately we'll have ask someone for help with the funding," Wylie said.

Everything from the cement plant's operations that possibly could be sold has been, according to state Finance Commissioner Jason Dilges.

About $227 million of the proceeds from the main sale in 2001 were initially placed in a special trust fund from which the Legislature draws $12 million annually for general use.

About $4 million was placed in the retirement fund in September from the sales of some remaining properties.

The independent actuary used by SDRS presented an analysis of the cement plant retirement fund's condition to the trustees Thursday. The results pointed to deepening trouble.

It showed the liability increased from about $53.4 million in 2008 to about $54.1 million this year. Meanwhile the market value of the investments fell from about $47.3 million to about $39.1 million.

The bottom line is the unfunded liability has grown from $6.1 million two years ago to $15 million currently, and the hole will reach $23 million by 2020 without additional contributions.

"The state will be responsible for that unfunded liability," Dilges said.

	Actual 2009-2010	Actual 2010-2011	Rounds Proposed 2011-2012	Daugaard 10% Possible ??? 2011-2012
Actual ADM	594	566.03	558	558
Averaging	586	580.015	562.015	562.015
Loss	4	5.985	18	
Per Student Allocation	$ 4,804.60	$ 4,804.60	$ 4,564.37	$ 4,324.14
Small School Adjustment	$ 29.66	$ 42.50	$ 80.48	$ 80.48
Total Per Student Allocati	$ 4,834.26	$ 4,847.10	$ 4,644.85	$ 4,404.62
	$ 2,832,876.36	$ 2,811,390.71	$ 2,610,475.37	$ 2,475,462.51
		$ (21,485.65)	$ (200,915.33)	$ (335,928.20)
		$ (21,485.65)	$ (222,400.99)	$ (357,413.85)

PHS	161.03
Park Elm	249
Old Elm	21
New Elm	25
Park JH	80
OH	30
	566.03

During the period of time beginning on July 1, 2009, and ending on June 30, 2012, any school district may make payments from its capital outlay fund for the purchase of property insurance and casualty insurance, for payments for energy costs and the cost of utilities, and for motor fuel or for any portion of a contract providing transportation to students or for any mileage reimbursements. However, the total amount that a school district expends from its capital outlay fund for these expenses may not exceed forty-five percent of the total tax revenues deposited in that fund during the current school fiscal year, and for any school district with a current tax levy for the capital outlay fund that is greater than its tax levy for the capital outlay fund in school fiscal year 2008, the total amount expended from the capital outlay fund for these expenses may not exceed forty-five percent of the total tax revenues that would have been deposited in that fund during the current school fiscal year if the tax levy for the capital outlay fund had not been increased since 2008.

Assessed Valuation	$	251,114,115.00
Per 1000	$	251,114.12
$2 mil levy	$	502,228.23
45% allowed	$	226,002.70
Remaining for Capital Outlay	$	276,225.53