

Bureau of Finance and Management

Joint Committee on Appropriations

Fiscal Year 2023 Budget Hearing

January 13th, 2022

BFM Leadership Team (p.1 Brief Summary)

- ❑ Jeff Partridge, Interim Commissioner
- ❑ Derek Johnson, State Economist
- ❑ Morgan Gruebele, Chief Budget Analyst
- ❑ Matt Flett, EMFO Director
- ❑ Colin Keeler, Financial Systems Director
- ❑ Keith Senger, Financial Reporting Director
- ❑ Allysen Kerr, Statewide Internal Control Officer

Agenda

- ❑ Programs and Services
- ❑ Overview of Workforce
- ❑ FY 2022 Legislative Adopted Budget
- ❑ Governor's FY 2023 Budget Recommendation
- ❑ FY 2022 Budget Amendments

Programs and Services

Programs and Services (p.1)

- ❑ Budget Analysis
- ❑ Revenue and Economic Forecasting
- ❑ Executive Management Finance Office
- ❑ Financial Systems and Operations
- ❑ Accounting Analysis and Financial Reporting
- ❑ Statewide Internal Control Office
- ❑ Authorities

Budget Analysis (p.4)

- ❑ Produces [budget book, summary book, and budget-in-brief](#)
- ❑ Assists state agencies on budget matters
- ❑ Reviews [budget transfers](#)
- ❑ Prepares fiscal notes
- ❑ Works with state agencies on [fiscal year-end](#)
- ❑ Reviews budget carryovers
- ❑ Develops [Long-Term Financial Plans](#)
- ❑ Publishes monthly [financial metrics & dashboards](#)
- ❑ Provides expenditure information to bond rating agencies
- ❑ [SDCL 4-7](#); [SDCL 4-8](#)

Revenue and Economic Forecasting (p.4)

- ❑ Estimates, tracks, and reports general fund revenue
- ❑ Monitors the SD economy
- ❑ Leads the [Governor's Council of Economic Advisors](#)
- ❑ Develops [Long-Term Financial Plans](#)
- ❑ Manages [fiscal year-end revenue information](#)
- ❑ Monthly [revenue dashboards](#) on BFM's website
- ❑ Provides presentations on state economic conditions, general fund revenues, and the budget to the public
- ❑ [SDCL 4-7](#); [SDCL 4-8](#)

Executive Management

Finance Office (p.4)

- ❑ Prepares bureau full accrual financial statements
- ❑ Establishes bureau billing rates
- ❑ Manages the budget of the four bureaus (BFM, BOA, BIT, BHR)
- ❑ Prepares Statewide Cost Allocation Plan (SWCAP)
- ❑ Monitors and prepares the Treasury-State Agreement
- ❑ Oversees general accounting functions specific to the four bureaus
- ❑ [SDCL 4-7](#)

Financial Systems and Operations (p.4)

- ❑ Manages daily, weekly, monthly, and annual fiscal cycles
- ❑ Assists and trains users of the state's central financial systems
- ❑ Performs the W-9 review and issuance of IRS forms 1099
- ❑ Manages the technical operation of central payroll and the associated human resource information systems
- ❑ Provides reporting tools for agencies to access a wide variety of financial data used by state government
- ❑ Manages and creates publicly available financial information ([OpenSD](#))

Accounting Analysis and Financial Reporting (p.4)

- ❑ Publishes the [Annual Comprehensive Financial Report \(ACFR\)](#)
- ❑ Prepares over 200 fund financial statements
- ❑ Establishes statewide accounting policies and procedures
- ❑ Provides technical assistance to state agencies on accounting best practices and new accounting standards
- ❑ Serves as the liaison between state agencies and the Department of Legislative Audit
- ❑ Prepares the Schedule of Expenditure and Federal Awards
- ❑ [SDCL 4-4-4](#); [SDCL 4-4-6](#)

Statewide Internal Control Office (p.4)

- ❑ Reviews, researches, interprets, and advises all state agencies on internal control
- ❑ Manages the implementation of the state internal control framework
- ❑ Produces [annual internal control report](#)
- ❑ Staffs the [South Dakota Board of Internal Control](#)
- ❑ [SDCL 1-56](#)

Computer Services and Development Pool (p.10)

- ❑ To provide expenditure authority which may be transferred to other agencies for the one-time development and maintenance of information systems
- ❑ No cash associated with the pool

SD Building Authority (p.15)

- ❑ Created to provide low-cost financing for buildings owned by the State of South Dakota
- ❑ Issues bonds for public facilities, which result in substantial savings on capital projects
- ❑ Informational Budget
- ❑ [SDCL 5-12](#)

SD Health and Educational Facilities Authority (p.18)

- ❑ Created to provide low-cost financing for educational facilities and healthcare projects for the state
- ❑ Issues bonds for health and educational institution construction and authorize activities to promote health, education, and welfare in the state
- ❑ Informational Budget
- ❑ [SDCL 1-16A](#)

Educational Enhancement Funding Corporation (p.24)

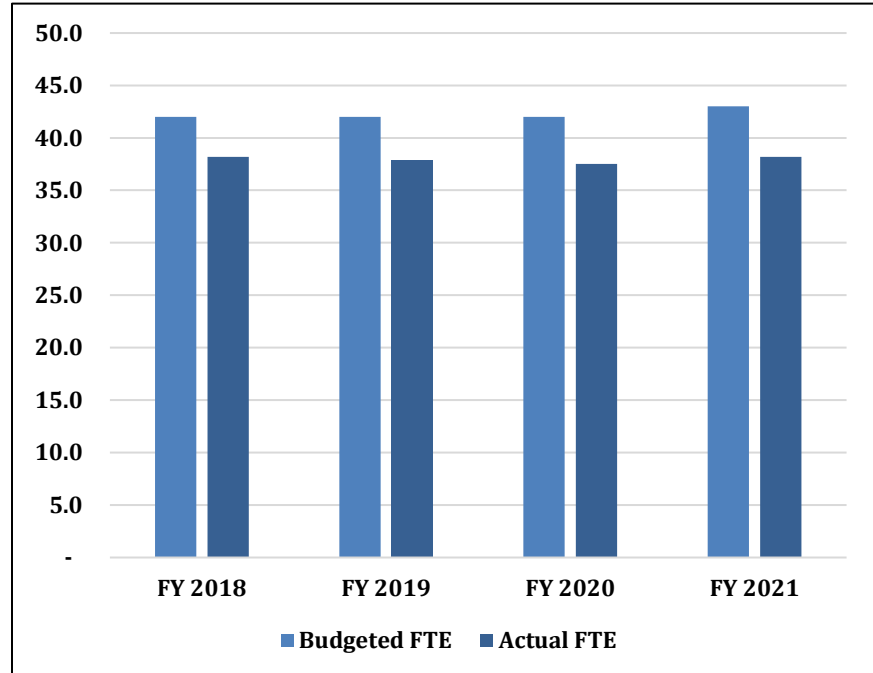
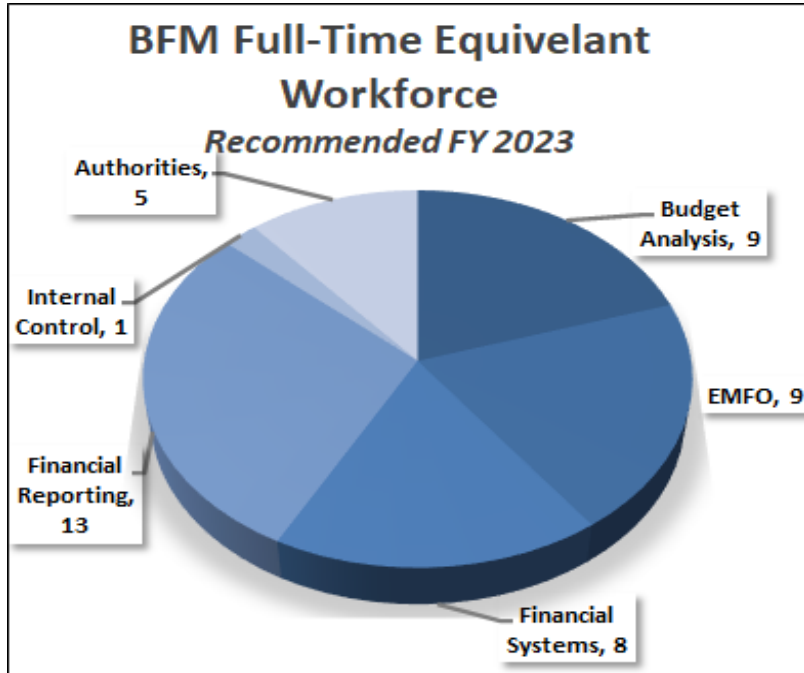
- ❑ Organized under the SD Building Authority
- ❑ State sold Tobacco Settlement Revenues and issued bonds, which allowed for a revenue stream into the Education Enhancement Trust Fund
- ❑ Informational Budget
- ❑ SDCL 5-12

Workforce

Workforce

- ❑ Recommended 45.0 total FTE; 5.0 FTE within Authorities
- ❑ Becoming increasingly difficult to recruit staff into such specialized roles on a small team
- ❑ A small staff is responsible for many different operations
- ❑ Critical gaps in succession planning are an emerging risk

Full-Time Equivalent (FTE)



FY 2022 Legislative Adopted Budget

FY 2022 Adopted Budget (p.27)

Summary	FTE	General	Federal	Other	Total
Computer Software Contract Maintenance				\$75,582	\$75,582
Legal Consulting Services		\$50,000			\$50,000
Computer Software Lease				\$169,000	\$169,000
State Employee Health Insurance		(\$5,178,462)	(\$2,281,620)	(\$5,097,814)	(\$12,557,896)
Captive Insurance Premium		\$369,181	\$27,566	\$1,522,349	\$1,919,096
Bureau Billing Pool		\$762,620	\$695,682	\$844,204	\$2,302,516
Adjust Artificial Minimums		\$5,178,162	\$2,281,620	\$5,097,814	\$12,577,596
<u>Market Adjustment</u>		<u>\$9,572,887</u>	<u>\$4,381,984</u>	<u>\$11,363,347</u>	<u>\$25,318,218</u>
Total		\$10,754,688	\$5,105,323	\$13,974,479	\$29,834,402

Governor's FY 2023 Budget Recommendations

FY 2023 Governor's Recommended Budget (p. 1)

Budget	FTE	General	Federal	Other	Total
FY 2022 Base Budget	43.0	\$1,087,741	\$0	\$10,470,847	\$11,558,588
FY 2023 Recommended	<u>45.0</u>	<u>\$29,200,448</u>	<u>\$111,896,677</u>	<u>\$42,564,324</u>	<u>\$183,661,449</u>
Change	2.0	\$28,112,707	\$111,896,677	\$32,093,477	\$172,102,861

FY 2023 Governor's Recommended Budget (p. 1)

Summary	FTE	General	Federal	Other	Total
Accountant I FTE	0.0			\$74,361	\$74,361
Deputy Commissioner FTE	1.0	\$149,381			\$149,381
COVID Pool Funds			\$100,000,000		\$100,000,000
Maintenance/Lease Contract Expense				\$85,344	\$85,344
Management Analyst FTE Transfer from BIT	1.0			\$74,583	\$74,583
Market Adjustment for State Employees		\$24,746,814	\$11,420,348	\$29,708,269	\$65,875,431
Salary Policy to Adjust Artificial Minimums		\$46,287	\$14,247	\$180,565	\$241,099
<u>Salary Policy Adjustment to Targeted Job Classes</u>		<u>\$3,170,225</u>	<u>\$462,082</u>	<u>\$1,970,355</u>	<u>\$5,602,662</u>
Total	2.0	\$28,112,707	\$111,896,677	\$32,093,477	\$172,102,861

Deputy Commissioner (p.5)

- ❑ 1.0 FTE and \$149,381 in General Funds
- ❑ This position will bifurcate more short-term and operational duties of BFM and state government from the Commissioner
- ❑ Supports BFM's succession planning

Accountant I FTE (p.4)

- ❑ \$74,361 in Other Fund Expenditure Authority
- ❑ FTE is transferred from HEFA to BFM's Division of Executive Management Finance Office
- ❑ Supports BFM's succession planning

Maintenance/Lease Contract Expense

(p.5)

- ❑ \$85,344 in Other Fund Expenditure Authority
- ❑ Needed to cover the rising costs of financial systems maintenance contracts and other lease expenses

Management Analyst/Project Manager Transfer (p.5)

- ❑ 1.0 FTE and \$74,583 in Other Fund Expenditure Authority
- ❑ FTE is transferred from BIT to BFM's Division of Financial Systems and Operations
- ❑ Position will assist in the state's Enterprise Resource Planning

COVID Pool Funds (p.12)

- ❑ \$100,000,000 in Federal Fund Expenditure Authority
- ❑ Will be a pool of authority within BFM
- ❑ Federal Fund Expenditure Authority will be used for COVID related grants and transferred to state agencies on as needed basis

Market Adjustment for State Employees

(p.20)

Budget	FTE	General	Federal	Other	Total
Market Adjustment for State Employees	0.0	\$24,746,814	\$11,420,348	\$29,708,269	\$65,875,131

Recommended as a pool within BFM

Salary Policy to Adjust Artificial Minimums (p.20)

Budget	FTE	General	Federal	Other	Total
Salary Policy to Adjust Artificial Minimums	0.0	\$46,287	\$14,247	\$180,565	\$241,099

Recommended as a pool within BFM

Salary Policy Adjustment to Targeted Job Classes (p.20)

Budget	FTE	General	Federal	Other	Total
Salary Policy Adjustment to Targeted Job Classes	0.0	\$3,170,225	\$462,082	\$1,970,355	\$5,602,662

Recommended as a pool within BFM

**FY 2022
Recommended
Budget
Amendments**

FY2022 Recommended Budget Amendments

Budget	FTE	General	Federal	Other	Total
EMFO Accountant I FTE	1.0			\$74,361	\$74,361
HEFA FTE	(1.0)				\$0
<u>Management Analyst FTE</u>	<u>1.0</u>			<u>\$74,583</u>	<u>\$74,583</u>
Total	1.0			\$148,944	\$148,944

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