The Honorable Larry Rhoden
President of the Senate
500 East Capitol Avenue
Pierre, SD 57501

March 20, 2023

RE: Senate Bill 210

Dear Mr. President and Members of the Senate,

South Dakota has long been a model of fiscal responsibility. Our taxes are low, we have a AAA credit rating, we balance our budget, and our fiscal reserves are strong. With Senate Bill 210, we continue this responsibility by providing a budget that is balanced and will improve the lives and wellbeing of the people of South Dakota.

This year, the legislature agreed to fund nearly everything in my recommended budget for Fiscal Year 2024, including a significant inflationary increase for K-12 education, healthcare providers, and state employees; targeted increases for community service providers to ensure that they are all reimbursed for at least 90% of their cost methodology; targeted salary increases for our state employee workforce; funding to operate our regional behavioral health centers; 100% tuition assistance for our National Guard soldiers; and many more investments to support South Dakotans. I thank the legislature for funding the majority of my budget priorities.

As is always the case, the legislature can make changes to my budget, as well. This year, the Joint Appropriations Committee estimated that our total revenues for FY2024 will be about $87 million higher than my Bureau of Finance and Management recommended in my budget. The legislature chose to spend this $87 million by increasing provider reimbursement from my recommended 90% to 100%, freezing tuition at South Dakota’s public universities and technical colleges, allocating an additional $11.4 million for future Medicaid expansion costs, and other items. I agree that our economy is strong, and I am responsible for ensuring that additional spending in our state’s budget is sustainable into the future. I’ve put significantly more funding into our reserves in recent years. Only time will tell if it was a wise decision to spend these additional dollars.

The legislature also deviated from a tradition of funding equal inflationary increases for K-12 education, healthcare providers, and state employees. While I understand the motivation behind this change, this sets a bad precedent and risks one or more groups being left behind in future years. I hope that the legislature will return to this longstanding tradition next year.

I appreciate the work of the Joint Appropriations Committee on this budget, and I am thankful to the legislature for funding the vast majority of my priorities.

Respectfully submitted,

Kristi Noem
Governor

cc: The Honorable Monae L. Johnson, Secretary of State
The Honorable Hugh Bartels, Speaker of the House