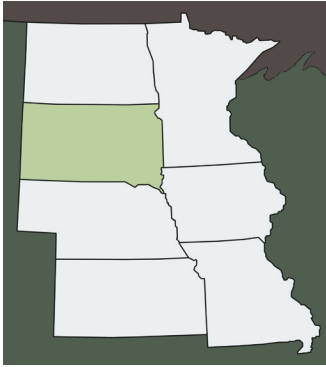


## SOUTH DAKOTA Budget Report Card



SOUTH DAKOTA'S BUDGET PRACTICES garnered no average lower than B for fiscal 2017 through 2019, a result shared by only three other states. Its two highest marks, top A averages, were awarded in budget maneuvers and legacy costs.

In budget maneuvers, the 2017 budget was bolstered by \$13 million in unclaimed property holdings that the state liquidated, but South Dakota has since eschewed such one-time revenue measures to achieve budgetary balance. In legacy costs, which cover public worker pensions and other postemployment benefits (OPEB), principally health care, it was one of two states in 2018 whose pension was 100 percent funded. South Dakota has no OPEB liabilities. It eliminated them through a program in 2014 and 2015 that ended subsidies for retiree health coverage.

South Dakota averaged Bs in transparency, budget forecasting, and reserve funds. Like most states, its transparency mark took a hit from a lack of disclosure of deferred infrastructure maintenance costs in budget documents. In budget forecasting, South Dakota was one of twenty-one states without a consensus revenue estimating process. The reserve funds grade reflected a failure to tie rainy day fund deposits to historical revenue volatility, a practice missing in twenty-nine states.

### WEST NORTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2017–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Iowa	C	A	A	B	C
Kansas	D	C	D	D	B
Minnesota	B	A	C	A	B
Missouri	D-	A	C	B	C
Nebraska	A	B	A	C	B
North Dakota	D-	B	D	A	C
South Dakota	B	A	A	B	B
US AVERAGE	B	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: The Balancing Act* at [VolckerAlliance.org](http://VolckerAlliance.org).


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BUDGET FORECASTING				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Consensus Revenue Forecasts	<b>X</b>	<b>X</b>	<b>X</b>
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
<b>3-YEAR AVERAGE</b>		<b>B</b>	<b>3-YEAR TREND</b> —	

BUDGET MANEUVERS				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>A</b>	<b>A</b>
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Upfront Revenues	<b>X</b>	✓	✓
<b>3-YEAR AVERAGE</b>		<b>A</b>	<b>3-YEAR TREND</b> ↗	

LEGACY COSTS				
	2017	2018	2019	
	CATEGORY GRADE	<b>A</b>	<b>A</b>	<b>A</b>
	Public Employee OPEB Funding	✓	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	100%	100%	100%
<b>3-YEAR AVERAGE</b>		<b>A</b>	<b>3-YEAR TREND</b> —	

RESERVE FUNDS				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	<b>X</b>	<b>X</b>	<b>X</b>
<b>3-YEAR AVERAGE</b>		<b>B</b>	<b>3-YEAR TREND</b> —	

TRANSPARENCY				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	<b>X</b>	<b>X</b>	<b>X</b>
	Discloses Tax Expenditures	✓	✓	✓
<b>3-YEAR AVERAGE</b>		<b>B</b>	<b>3-YEAR TREND</b> —	

### KEY

✓	Followed best practice
<b>X</b>	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg; 2018 data also used for 2019.

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