

Flat Economy And Zero Inflation Raise Challenges For Governor's Budget Plan

By Bob Mercer
State Capitol Bureau

PIERRE – With inflation hanging around zero during recent months, an unusual question occurs: Will Gov. Dennis Daugaard ask the Legislature for any increases in state aid to public school, or larger reimbursements to Medicaid providers, or higher pay for state government employees?

And with South Dakota's economy performing almost exactly as expected in generating tax revenue for the state treasury in recent months, there comes another question: Are the current somewhat softer conditions the new normal after the 2009 recession?

On Tuesday afternoon, the governor delivers his sixth set of budget recommendations to the Legislature during a joint assembly in the state House of Representatives chamber.

When he took office in January 2011, Daugaard inherited an economy that was staggering out of a deep slowdown. He called for 10 percent reductions throughout much of state government's budget for the coming fiscal year, and legislators mostly agreed.

The past five years have seen unemployment get back below 4 percent. Non-farm employment cracked past 430,000 for the first time in May, up by some 10,000 in two years.

But Medicaid enrollments remained high heading into this fall, as did the number of youngsters in the children's health insurance program.

The most confounding statistic might be the consumer-price index that is one measure of inflation.

The state Bureau of Finance and Management reports CPI was 0.0 percent in September compared to September 2014.

It's been at zero or below just one other time in the past 20-plus years. That was in 2009 when it sank past zero during the recession.

The common practice for several decades has been to increase student funding to public schools by the rate of inflation, provided it is no more than 3 percent.

The per-student allocation percentage often became the base for salary increase to state government employees and for increased compensation to Medicaid services providers.

It isn't clear what the governor will recommend with inflation in the zero range – nor what the Legislature will accept.

The 2016 session of the Legislature starts Jan. 12. State law requires the governor to submit his budget recommendations to lawmakers no later than "the first Tuesday after the first Monday of December."

School funding likely will be a separate issue during the 2016, as the Legislature deals separately with the recommendations from the governor's task force.

The panel called for providing \$85 million more to public schools for teacher salaries. That would require a variety of cuts in other parts of the budget, or repealing some large tax exemptions, or raising the state sales tax by one-half of 1 percent.

The state Board of Regents, whose members govern the state universities, asked the governor to recommend additional funding so that tuition wouldn't have to increase for resident students.

The buy-down would likely be sought for the four public technical institutes as well.

Together the tuition relief could take approximately \$5 million.

The governor might speak about the ongoing talks about South Dakota accepting an expansion of Medicaid services.

He is willing to do it provided the federal government stops requiring South Dakota to pay for portions of outside services to Native Americans that the Indian Health Service is supposed to cover, and the savings offsets the additional cost of the expansion.

Four of the five major sources of state tax and fee revenue produced more than estimated for the months of July through October, according to the state Legislative Research Council. Those four were sales tax, contractor excise tax, insurance tax and tobacco tax.

South Dakota Lottery was the only of the five that wasn't meeting expectations. But all five were producing more money through October than at the similar point one year ago.

The Bureau of Finance and Management, also known as the governor's budget office, hasn't issued an economic update since Oct. 5 and only five so far in calendar 2015. In calendar 2014, the bureau published nine economic updates.

The October update from BFM showed non-farm income grew 4.2 percent during the second quarter of 2015, compared to the second quarter of 2014. That was slightly behind the national rate of 4.4 percent growth for the same period.

The budget speech is scheduled to start at 1 p.m. CT.

Driving In Winter Weather

By Gov. Dennis Daugaard:

There's nothing like the first snowfall of the year. When I was young, a heavy storm meant no school, and my sisters and I would play cards with Dad, after we did the farm chores.

Snow is nice until you have to drive in it. Though South Dakotans know how to handle snow and cold weather, we still need to prepare ourselves for the hazardous driving conditions winter brings.

Driving in winter weather is a serious matter. Every year during the holiday season, the Highway Patrol sees a spike in traffic accidents and fatalities. Around the Thanksgiving holiday this year, 10 people lost their lives in car crashes and several others were severely injured.

If you will be traveling for Christmas or New Year's, prepare yourself. Before you travel, go to SafeTravelUSA.com/SD, call 511 or download the SDDOT 511 app to check road conditions. Pack a flashlight, blankets, drinking water and a shovel. Make sure your car is ready for the trip by checking your tires and scraping off the ice from all of your windows.

When you're driving, take

it slow and allow yourself extra time to reach your destination. It's usually a good idea to leave cruise control off. Conditions can change quickly in the winter and you need to be ready.

Don't crowd the plow. Department of Transportation crews work long hours in the worst conditions, and they do their best to keep our highways clear of ice and snow. When you approach a snow plow, leave at least four car lengths between you and the back of the plow. Never pass a plow on the right. This is the direction plows push the snow.

No matter what season it is, always wear your seatbelt and make sure everyone in your vehicle is buckled up. Nearly two-thirds of those who died in car crashes in South Dakota in the last year were not wearing their seatbelts. Whether you are traveling across the state or just driving a few blocks, buckling up could save your life.

Traveling to spend Christmas with loved ones is well worth it. To keep the holidays from turning tragic, do all that is within your power to arrive safely at your destination. Be safe and have a great holiday season.

bp Broadcaster Press

Fill the puzzle so that every row, every column, and every section contain the numbers 1-9 without repeating a number.

9	4	7				2	8
5			6	1			
		3			2		5
		6			7		4
4		5	1		6	8	2
7	2		5			6	
	3		2			4	
				6	9		1
8	4				1	2	5

EASY EA BOOK 60 #5

Last Tuesday's Solution

3	7	9	6	2	1	5	8	4
1	6	5	8	7	4	3	9	2
2	4	8	3	9	5	1	6	7
7	9	1	2	8	3	4	5	6
6	2	4	5	1	9	7	3	8
5	8	3	7	4	6	9	2	1
8	1	7	9	3	2	6	4	5
4	3	6	1	5	8	2	7	9
9	5	2	4	6	7	8	1	3

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Check next Tuesday's paper for the solution to today's puzzle.

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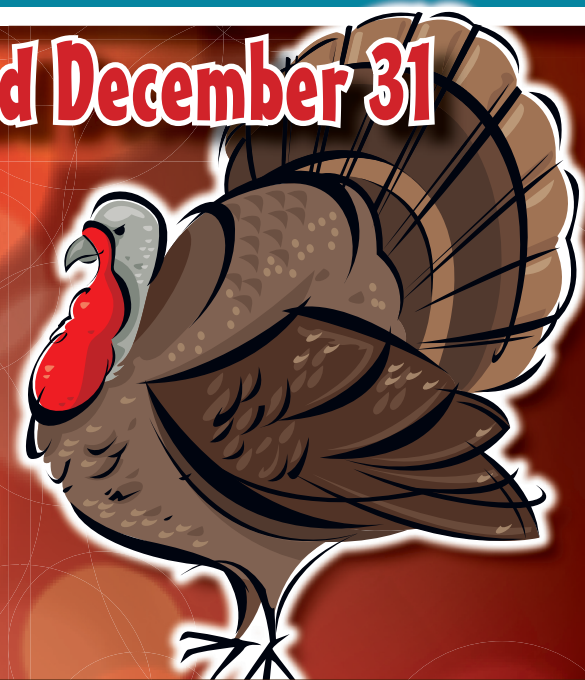
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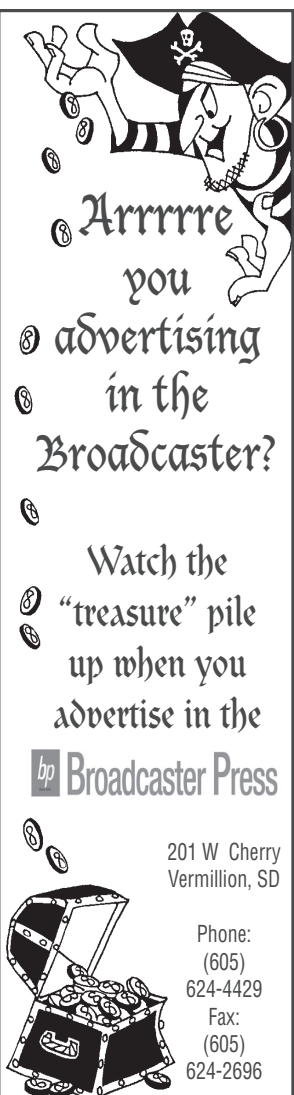
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