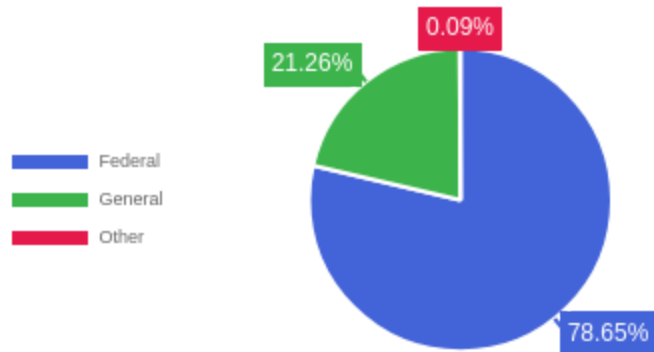


Department of the Military

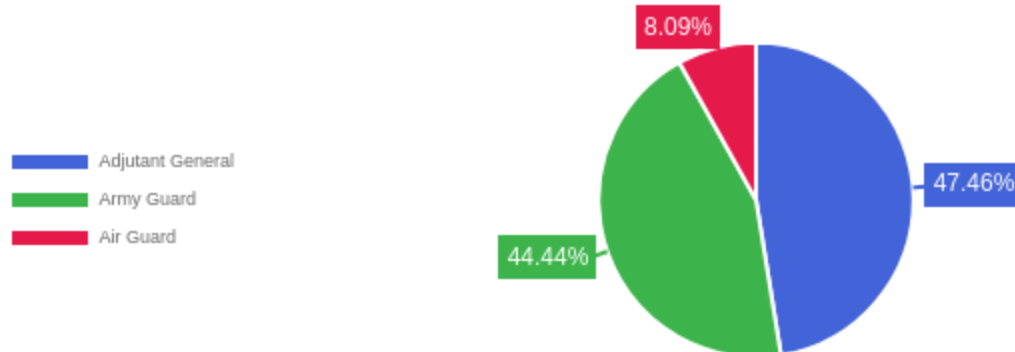
Fiscal Year 2026 Budget Brief Summary

Information contained in this document is based on the Governor's FY2026 Budget and may not correspond with the final budget adopted by the Legislature.

Source of Funds



Distribution of General Funds



Key Personnel

- Major General Mark R. Morrell, Adjutant General
- Marshall Michels, Deputy Secretary
- Leanne Reindl, Budget and Finance Director

Mission of the Department of the Military

Mission Deliver worldwide combat power and support with excellence. Deter, Defend, Compete, Win. Safeguard life and property, preserve peace, order and public safety when directed by the Governor.

Vision We are an elite organization of community-based, citizen-warriors who together enhance the Warfighter **Culture**, own the **Mission**, and connect our **Community**.

Values Our core values are loyalty, duty, respect, selfless service, honor, integrity, personal courage, and excellence in all we do.

The history of the South Dakota National Guard began on January 27, 1862, when this area was still Dakota Territory. Before 1862, there was little need for a militia because the Army had a garrison at Ft. Randall.

When the Army troops were removed from Ft. Randall to enter the Civil War, the Territorial Governor, Dr. William Jayne, was under constant worry about the territory being unprotected. On December 7, 1861, the governor issued a proclamation to raise two companies of volunteers. In a remarkably short time, Capt. Nelson Miner had enlisted enough men to start the first company. On January 27, 1862, this unit assembled at Yankton, a testament to the efficiency and dedication of these early volunteers.

On April 29, 1862, the federal government granted federal recognition to the unit as Company A, First Dakota Cavalry. The company officers were Capt. Nelson Miner, 1st Lt. John Fowler, and 2nd Lt. Frederick Plughoff. First Sgt. A. M. English was one of 94 enlisted Soldiers mustered into Federal service for three years.

The South Dakota Air National Guard was founded by Medal of Honor recipient and former Governor Joe Foss on 20 September 1946 at Sioux Falls, South Dakota with federal recognition of the 175th Fighter Squadron. The 175th Fighter Squadron was assigned to the 132nd Fighter Group, Des Moines, Iowa. The unit was equipped with the P-51 Mustang, plus several types of support aircraft.

Department of the Military Budget Units

- Adjutant General (1611)
- Air Guard (1624)
- Army Guard (1621)

Major Items Summary - Department of the Military

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
FY 2026 Base Budget	\$8,261,672	\$28,987,873	\$29,254	\$37,278,799	116.4	\$8,261,672	\$28,987,873	\$29,254	\$37,278,799	116.4
1. Civil Air Patrol Grant	\$0	\$0	\$0	\$0	0.0	(\$60,023)	\$0	\$0	(\$60,023)	0.0
2. Maintenance and Repair	\$599,617	\$1,543,155	\$0	\$2,142,772	0.0	(\$593,302)	(\$2,462,921)	\$0	(\$3,056,223)	0.0
3. National Guard Tuition Reimbursement	\$0	\$0	\$0	\$0	0.0	(\$450,000)	\$0	\$0	(\$450,000)	0.0
4. Utility Cost Adjustment	\$17,042	\$18,858	\$0	\$35,900	0.0	\$17,042	\$18,858	\$0	\$35,900	0.0
FY 2026 Total Budget	\$8,878,331	\$30,549,886	\$29,254	\$39,457,471	116.4	\$7,175,389	\$26,543,810	\$29,254	\$33,748,453	116.4

Change from Base Budget	\$616,659	\$1,562,013	\$0	\$2,178,672	0.0	(\$1,086,283)	(\$2,444,063)	\$0	(\$3,530,346)	0.0
% Change from Base Budget	7.5%	5.4%	0.0%	5.8%	0.0%	(13.1%)	(8.4%)	0.0%	(9.5%)	0.0%

1. Civil Air Patrol Grant

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	(\$60,023)	\$0	\$0	(\$60,023)	0.00

The governor recommends a decrease of (\$60,023) in general funds.

The South Dakota Civil Air Patrol (SD CAP) is a program authorized by SDCL 33-21-1. The duties of SD CAP is listed in SDCL 33-21-2, which includes any duties assigned by the governor. In practice, the main roles the SD CAP fills include air and ground reconnaissance for search and rescue, damage assessment, and environmental surveys. SD CAP performs 12 missions on average annually for state and local agencies. They have close to 400 members in 8 locations statewide and operate 6 single-engine aircraft, 9 photography drones, and 17 vehicles.

The grant provide funds for hanger rent for the aircraft and equipment for the SD CAP to operate. The governor’s recommended budget would completely eliminate the grant. The Department of Military is working with SD CAP to obtain alternative sources of funds. This would allow SD CAP to provide the same level of services without the need for the state grant.

2. Maintenance and Repair

	General	Federal	Other	Total	FTE
Agency Request	\$599,617	\$1,543,155	\$0	\$2,142,772	0.00
Governor's Recommendation	(\$593,302)	(\$2,462,921)	\$0	(\$3,056,223)	0.00

The agency requests an increase of **\$599,617** in **general funds** and an increase of **\$1,543,155** in **federal funds** for the Maintenance & Repair of Department of Military buildings.

*The governor recommends a decrease of **(\$593,302)** in **general funds** and a decrease of **(\$2,462,921)** in **federal funds**.*

Maintenance and Repair (M&R) is the maintenance and repair of state-owned buildings. Governor Dugaard set a goal of 2% of building replacement values during his time in office. Funding was at 2% in FY2017 and has maintained a percentage above 1.5% until the governor's proposal for 1.25% for FY2026.

The Department of Military is responsible for maintaining all buildings being used. Examples include the South Dakota National Guard Headquarters located in Rapid City, armories located throughout the state, and other unit locations.

The total asset value for all buildings is \$636,501,414, and the cost is split between the state and federal government at a roughly 23/77 split. The agency request would bring the M&R budget to 2% of the asset value while the governor's recommended budget would decrease the M&R budget to 1.25% of the asset value. In previous years, the governor's recommended budget would be about 1.75% of the asset value.

In FY2026, the Department of Military plans to do the following with the Maintenance & Repair:

- Replace tile & carpeting - Duke Corning Armory
- Replace boilers - Yankton Armory & Sioux Falls Foss Field Armory
- Replace drill floor windows and panels - Mitchell Armory
- Replace heat generating system - Range Road Armory
- Repair paved POV parking - Duke Corning Armory
- Renovate maintenance shop rooms - Wagner VMS
- Install solar panels - Watertown Readiness Center

3. National Guard Tuition Reimbursement

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	(\$450,000)	\$0	\$0	(\$450,000)	0.00

The governor recommends a decrease of **(\$450,000)** in **general funds**.

Any eligible National Guard member, as defined by SDCL 33-6-7, may go to any qualified college or university, as defined in SDCL 13-48-36, to receive full reimbursement of up to 100% tuition, as allowed by SDCL 33-6-5. This may include schools that are under the Board of Regents or any private school and university.

Starting in FY2025, the Department of Military has been responsible for the implementation and administration of this benefit. A National Guard member would need to apply for the reimbursement to the Department of Military, and the Department of Military would need to check eligibility to issue the reimbursement.

Currently, 802 National Guard members utilize the state tuition assistance program with an average cost of \$2,796 per semester per member.

Currently, only 76 National Guard members use the Federal Tuition Assistance, and the department is planning to encourage more National Guard members to use the Federal Tuition Assistance. If successful, this would reduce the need for the State Tuition Assistance.

4. Utility Cost Adjustment

	General	Federal	Other	Total	FTE
Agency Request	\$17,042	\$18,858	\$0	\$35,900	0.00
Governor's Recommendation	\$17,042	\$18,858	\$0	\$35,900	0.00

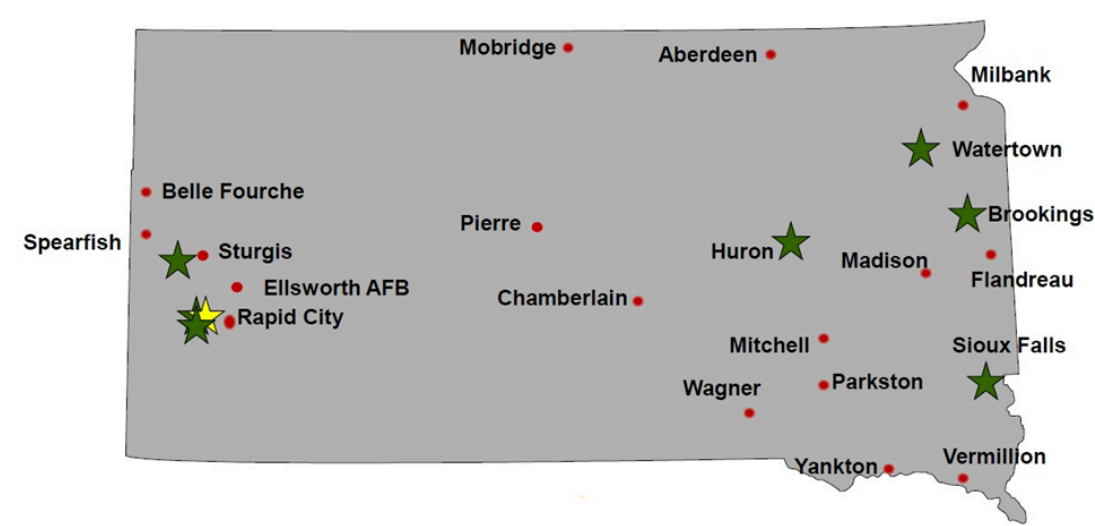
The agency requests an increase of \$17,042 in general funds and an increase of \$18,858 in federal funds for utility costs for Department of Military buildings.

The governor recommends this request.

The state uses a software called EnergyCAP (also referred to as ENCAP) to track and analyze agencies' energy usage throughout the fiscal year. To calculate the budget adjustments needed for utilities, agencies multiply their utilization by energy source from the previous year ended (FY24 for the current adjustments) by the Statewide Energy Manager's projected future price rates for each energy source, which are based on data from utility suppliers and industry resources. Additionally, the Statewide Energy Manager provides projections on weather sensitivity for each energy source and adjustments for heating and cooling days.

Combining the most recent fiscal year of data on their actual energy utilization with the Energy Manager's projections, agencies request any adjustments to their utility budgets that they are forecasted to need for the next fiscal year. Utility cost adjustments for the current fiscal year (which appear in the supplemental to the current year's G-Bill) are calculated in the same way as adjustments for the next fiscal year, except that the percentage change in the cost rates is typically different.

The Department of Military is responsible for maintaining utilities for all military facilities in South Dakota.



The changes include a decrease in electricity costs of \$32,042 in general funds and \$105,060 in federal fund expenditure authority, a decrease in natural gas costs of \$40,874 in general funds and \$127,577 in federal fund expenditure authority, and a decrease in propane costs of \$1,562 in federal expenditure authority.

The costs between the state and federal government for utility costs are roughly about 23% state and 77% federal.

Department of the Military Budget Request

By Fund Category	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
General	\$4,705,446	\$4,757,045	\$4,774,977	\$8,261,672	\$8,878,331	\$7,175,389	(\$1,086,283)
Federal	\$26,932,578	\$27,285,933	\$28,329,075	\$28,987,873	\$30,549,886	\$26,543,810	(\$2,444,063)
Other	\$0	\$0	\$29,254	\$29,254	\$29,254	\$29,254	\$0
Total	\$31,638,025	\$32,042,978	\$33,133,306	\$37,278,799	\$39,457,471	\$33,748,453	(\$3,530,346)
By Program	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Adjutant General	\$673,408	\$740,655	\$780,655	\$3,895,172	\$3,895,172	\$3,445,172	(\$450,000)
Army Guard	\$22,698,513	\$23,027,483	\$23,501,303	\$24,339,774	\$26,471,335	\$21,272,340	(\$3,067,434)
Air Guard	\$8,266,103	\$8,274,839	\$8,851,348	\$9,043,853	\$9,090,964	\$9,030,941	(\$12,912)
Total	\$31,638,025	\$32,042,978	\$33,133,306	\$37,278,799	\$39,457,471	\$33,748,453	(\$3,530,346)
By Object Expenditure Personnel Costs	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$8,240,463	\$9,488,170	\$9,679,429	\$10,060,181	\$10,060,181	\$10,060,181	\$0
Salaries	\$6,164,482	\$7,033,174	\$7,331,495	\$7,677,285	\$7,677,285	\$7,677,285	\$0
Benefits	\$2,075,981	\$2,454,996	\$2,347,934	\$2,382,896	\$2,382,896	\$2,382,896	\$0
Operating Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$23,397,562	\$22,554,807	\$23,453,877	\$27,218,618	\$29,397,290	\$23,688,272	(\$3,530,346)
Travel	\$108,220	\$143,087	\$155,054	\$171,206	\$171,206	\$171,206	\$0
Contractual Services	\$8,126,958	\$7,633,936	\$15,139,360	\$8,608,354	\$8,666,163	\$8,666,163	\$57,809
Supplies	\$1,217,509	\$1,083,258	\$989,779	\$963,675	\$941,766	\$941,766	(\$21,909)
Grants	\$1,910,920	\$1,202,847	\$1,490,023	\$4,625,834	\$4,625,834	\$4,115,811	(\$510,023)
Capital Outlay	\$12,033,955	\$12,491,679	\$5,679,661	\$12,849,549	\$14,992,321	\$9,793,326	(\$3,056,223)
Total	\$31,638,025	\$32,042,978	\$33,133,306	\$37,278,799	\$39,457,471	\$33,748,453	(\$3,530,346)
Full-Time Equivalent (FTE)	103.64	104.62	116.4	116.4	116.4	116.4	0.00

Funding Sources (Governor's Recommended)

	General	Federal	Other	General%	Federal%	Other%
MILITARY INDIRECT COSTS-FEDERAL	\$0	\$10,306	\$0	0.0%	0.0%	0.0%
NATIONAL GUARD MUSEUM	\$0	\$0	\$29,254	0.0%	0.0%	100.0%
MILITARY FEDERAL FUNDS	\$0	\$748,776	\$0	0.0%	2.8%	0.0%
STATE GENERAL FUND	\$3,928,577	\$0	\$0	54.8%	0.0%	0.0%
AIR GUARD MASTER COOPERATIVE A	\$600,013	\$7,871,397	\$0	8.4%	29.7%	0.0%
AIR GUARD STARBASE YOUTH PROGR	\$0	\$1,475,000	\$0	0.0%	5.6%	0.0%
NATIONAL GUARD MILITARY O&M PR	\$2,646,799	\$14,038,331	\$0	36.9%	52.9%	0.0%
NATIONAL GUARD MILITARY CONSTR	\$0	\$2,400,000	\$0	0.0%	9.0%	0.0%

Governor's Recommend FY23 Supplemental Bill Changes - Department of the Military

Utilities

- Decrease of **(\$16,808) in general funds** for utility cost expenses. This is based on an estimation of current utility usage and a projection of future utility usage on Department of Military-owned buildings.
- Decrease of **(\$85,312) in federal fund expenditure authority** for utility cost expenses. This is based on an estimation of current utility usage and a projection of future utility usage on Department of Military-owned buildings.
- Increase of **\$624 in general funds** for utility cost expenses. This is based on an estimation of current utility usage and a projection of future utility usage on Department of Military-owned buildings.
- Increase of **\$1,872 in federal fund expenditure authority** for utility cost expenses. This is based on an estimation of current utility usage and a projection of future utility usage on Department of Military-owned buildings.