

# Department of Veterans' Affairs

## Fiscal Year 2026 Budget Brief Detail

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.

### Major Items Summary - Department of Veterans' Affairs

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2026 Base Budget</b>	<b>\$5,177,687</b>	<b>\$3,831,941</b>	<b>\$7,051,399</b>	<b>\$16,061,027</b>	<b>145.2</b>	<b>\$5,177,687</b>	<b>\$3,831,941</b>	<b>\$7,051,399</b>	<b>\$16,061,027</b>	<b>145.2</b>
1. Cemetery Technicians	\$230,000	\$0	\$0	\$230,000	4.0	\$0	\$0	\$115,000	\$115,000	2.0
2. Contract Inflation	\$363,992	\$0	\$0	\$363,992	0.0	\$0	\$0	\$0	\$0	0.0
3. County & Tribal Veteran Service Officers Salary Support	\$0	\$0	\$0	\$0	0.0	(\$191,812)	\$0	\$0	(\$191,812)	0.0
4. FMAP Change	\$119,344	(\$119,344)	\$0	\$0	0.0	\$119,344	(\$119,344)	\$0	\$0	0.0
5. Headstone Stipend & Burial Allowance	\$0	\$0	\$0	\$0	0.0	(\$52,700)	\$0	(\$61,080)	(\$113,780)	0.0
6. Medicaid Expansion 5% FMAP Savings	\$295,404	(\$295,404)	\$0	\$0	0.0	\$295,404	(\$295,404)	\$0	\$0	0.0
7. Prevailing Rate Payments	\$202,083	\$0	\$0	\$202,083	0.0	\$0	\$0	\$0	\$0	0.0
8. Utility Cost Adjustment	\$0	\$0	(\$20,100)	(\$20,100)	0.0	\$0	\$0	(\$46,090)	(\$46,090)	0.0
9. Veterans' Cemetery Operations	\$0	\$0	\$250,000	\$250,000	0.0	\$0	\$0	\$0	\$0	0.0
<b>FY 2026 Total Budget</b>	<b>\$6,388,510</b>	<b>\$3,417,193</b>	<b>\$7,281,299</b>	<b>\$17,087,002</b>	<b>149.2</b>	<b>\$5,347,923</b>	<b>\$3,417,193</b>	<b>\$7,059,229</b>	<b>\$15,824,345</b>	<b>147.2</b>
Change from Base Budget	\$1,210,823	(\$414,748)	\$229,900	\$1,025,975	4.0	\$170,236	(\$414,748)	\$7,830	(\$236,682)	2.0
% Change from Base Budget	23.4%	(10.8%)	3.3%	6.4%	2.8%	3.3%	(10.8%)	0.1%	(1.5%)	1.4%

### Department of Veterans' Affairs 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	\$4,277,021	\$5,691,482	\$5,707,852	\$5,177,687	\$6,388,510	\$5,347,923	\$170,236
Federal	\$2,093,561	\$3,300,096	\$3,438,443	\$3,831,941	\$3,417,193	\$3,417,193	(\$414,748)
Other	\$7,539,638	\$6,458,391	\$6,792,986	\$7,051,399	\$7,281,299	\$7,059,229	\$7,830
<b>Total</b>	<b>\$13,910,219</b>	<b>\$15,449,969</b>	<b>\$15,939,281</b>	<b>\$16,061,027</b>	<b>\$17,087,002</b>	<b>\$15,824,345</b>	<b>(\$236,682)</b>
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
Veterans' Benefits and Services	\$2,235,557	\$2,513,140	\$2,633,817	\$2,706,404	\$2,706,404	\$2,400,812	(\$305,592)
State Veterans' Home	\$11,455,046	\$12,600,265	\$12,906,705	\$12,942,688	\$13,488,663	\$12,896,598	(\$46,090)
State Veterans' Cemetery	\$219,616	\$336,564	\$398,759	\$411,935	\$891,935	\$526,935	\$115,000
<b>Total</b>	<b>\$13,910,219</b>	<b>\$15,449,969</b>	<b>\$15,939,281</b>	<b>\$16,061,027</b>	<b>\$17,087,002</b>	<b>\$15,824,345</b>	<b>(\$236,682)</b>

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
	\$8,372,331	\$8,937,479	\$9,212,339	\$11,431,297	\$11,661,297	\$11,536,297	\$105,000
Salaries	\$6,164,703	\$6,558,387	\$6,477,632	\$8,421,954	\$8,651,954	\$8,526,954	\$105,000
Benefits	\$2,207,628	\$2,379,092	\$2,734,707	\$3,009,343	\$3,009,343	\$3,009,343	\$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
	\$5,537,888	\$6,512,489	\$6,726,942	\$4,629,730	\$5,425,705	\$4,288,048	(\$341,682)
Travel	\$147,610	\$158,126	\$202,104	\$207,071	\$207,071	\$207,071	\$0
Contractual Services	\$3,754,986	\$4,492,259	\$4,640,520	\$2,852,897	\$3,446,160	\$2,803,034	(\$49,863)
Supplies	\$1,017,840	\$1,112,372	\$992,300	\$1,021,164	\$1,208,876	\$1,034,937	\$13,773
Grants	\$290,075	\$326,485	\$389,512	\$405,592	\$405,592	\$100,000	(\$305,592)
Capital Outlay	\$327,361	\$423,184	\$502,506	\$143,006	\$158,006	\$143,006	\$0
Other Expenses and Budgeted Operating Transfers Out	\$16	\$64	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$13,910,219</b>	<b>\$15,449,969</b>	<b>\$15,939,281</b>	<b>\$16,061,027</b>	<b>\$17,087,002</b>	<b>\$15,824,345</b>	<b>(\$236,682)</b>
<b>Full-Time Equivalent (FTE)</b>	<b>111.2</b>	<b>108.5</b>	<b>145.2</b>	<b>145.2</b>	<b>149.2</b>	<b>147.2</b>	<b>2.0</b>

Reversions and Unutilized FTE (17)

	General	Federal	Other
Original Appropriation FY2024	\$4,471,656	\$3,508,461	\$6,506,983
Pool Distributions	\$428,391	\$310,937	\$325,608
Supplemental Changes	\$797,724	\$57,133	(\$855,834)
Agency Adjustments	\$10,081	\$1,412	\$61,729
Transfers	\$0	(\$439,500)	\$754,500
Reorganizations	\$0	\$0	\$0
Adjusted Appropriation FY2024	\$5,707,852	\$3,438,443	\$6,792,986
FY2024 Expenditures	\$5,691,482	\$3,300,096	\$6,458,391
<b>Reversion of Authority Unutilized FTE</b>	<b>\$16,370</b>	<b>\$138,347</b>	<b>\$334,595 36.7</b>

## Veterans' Benefits and Services (1711)

Mission - Help Veterans Identify and access federal and state benefits including disability compensation, pension and healthcare available through the U.S. Department of Veterans Affairs (USDVA), as well as the SD Veterans programs, tuition waivers and other state services.

The Benefits Division assists veterans and their families in obtaining state and federal veterans' benefits. In addition to helping veterans and their family members file claims and understand VA processes, we assist our county and tribal VSO partners in building, filing, tracking, and appealing claims for disability compensation, nonservice-connected pension, survivor benefits, education, and healthcare.

### Major Items Summary: Veterans' Benefits and Services (1711)

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2026 Base Budget</b>	<b>\$2,363,916</b>	<b>\$281,408</b>	<b>\$61,080</b>	<b>\$2,706,404</b>	<b>22.0</b>	<b>\$2,363,916</b>	<b>\$281,408</b>	<b>\$61,080</b>	<b>\$2,706,404</b>	<b>22.0</b>
1. County & Tribal Veteran Service Officers Salary Support	\$0	\$0	\$0	\$0	0.0	(\$191,812)	\$0	\$0	(\$191,812)	0.0
2. Headstone Stipend & Burial Allowance	\$0	\$0	\$0	\$0	0.0	(\$52,700)	\$0	(\$61,080)	(\$113,780)	0.0
<b>FY 2026 Total Budget</b>	<b>\$2,363,916</b>	<b>\$281,408</b>	<b>\$61,080</b>	<b>\$2,706,404</b>	<b>22.0</b>	<b>\$2,119,404</b>	<b>\$281,408</b>	<b>\$0</b>	<b>\$2,400,812</b>	<b>22.0</b>
Change from Base Budget	\$0	\$0	\$0	\$0	0.0	(\$244,512)	\$0	(\$61,080)	(\$305,592)	0.0
% Change from Base Budget	0.0%	0.0%	0.0%	0.0%	0.0%	(10.3%)	0.0%	(100.0%)	(11.3%)	0.0%

#### 1. County & Tribal Veteran Service Officers Salary Support

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	(\$191,812)	\$0	\$0	(\$191,812)	0.00

The governor recommends a decrease of **(\$191,812)** in **general funds** for county & tribal veteran service officer salary supplement.

SDCL 33A-1-30 and SDCL 33A-1-31 allow the Department of Veteran Affairs to provide a salary supplement to tribal and county veteran service officers. The amount to each county and tribe is governed by SDCL 33A-1-32 and is determined by the population of each county and tribe. While SDCL 33A-1-30 allows the department to provide the supplement, the code does not require it.

Each veteran service officer is an employee of the county or tribe within South Dakota. Previously, South Dakota, through the Department of Veterans' Affairs, would share in the cost of employing a veteran service officer. This would be known as the salary supplement given to each county and tribe depending on the number of veterans being served.

This recommendation will eliminate the salary supplement from the department's budget. Veteran service officers would receive their pay from the county or tribe that employed them.

2. Headstone Stipend & Burial Allowance

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	(\$52,700)	\$0	(\$61,080)	(\$113,780)	0.00

The governor recommends a decrease of **(\$52,700)** in **general funds** and a decrease of **(\$61,080)** in **other fund** expenditure authority.

As per SDCL 33A-5-2, South Dakota, through the Department of Veterans’ Affairs, may recompense a veteran’s family for the burial expense of a deceased veteran. The veteran must meet the conditions in SDCL 33A-5-2, and the stipend may not exceed \$100 per veteran. The funds for this provide for this stipend were appropriated to the Department of Veterans’ Affairs.

This stipend was for veterans who were buried in a private graveyard. Veterans buried in a federal or state graveyard, such as the Veterans’ Cemetery, would be buried there at no cost to the veterans’ families. Families would also have the option to receive a government-issued headstone at no additional cost.

Families would still be responsible for setting the headstone and other burial costs if the veteran was buried in a private graveyard.

This recommendation from the governor would eliminate the appropriation.

Reversions and Unutilized FTE (1711)

	General	Federal	Other
Original Appropriation FY2024	\$2,088,083	\$234,691	\$61,044
Pool Distributions	\$196,225	\$37,186	\$30
Supplemental Changes	\$7,437	\$0	\$0
Agency Adjustments	\$7,709	\$1,412	\$0
Transfers	\$0	\$0	\$0
Reorganizations	\$0	\$0	\$0
Adjusted Appropriation FY2024	\$2,299,454	\$273,289	\$61,074
FY2024 Expenditures	\$2,285,392	\$226,069	\$1,679
Reversion of Authority	\$14,062	\$47,220	\$59,395
Unutilized FTE			(0.1)

Budget Request: Veterans' Benefits and Services (1711)

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	\$2,039,861	\$2,285,392	\$2,299,454	\$2,363,916	\$2,363,916	\$2,119,404	(\$244,512)
Federal	\$194,926	\$226,069	\$273,289	\$281,408	\$281,408	\$281,408	\$0
Other	\$769	\$1,679	\$61,074	\$61,080	\$61,080	\$0	(\$61,080)
Total	\$2,235,557	\$2,513,140	\$2,633,817	\$2,706,404	\$2,706,404	\$2,400,812	(\$305,592)

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
Veterans' Benefits and Services	\$2,235,557	\$2,513,140	\$2,633,817	\$2,706,404	\$2,706,404	\$2,400,812	(\$305,592)
<b>Total</b>	<b>\$2,235,557</b>	<b>\$2,513,140</b>	<b>\$2,633,817</b>	<b>\$2,706,404</b>	<b>\$2,706,404</b>	<b>\$2,400,812</b>	<b>(\$305,592)</b>
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
	<b>\$1,639,936</b>	<b>\$1,848,173</b>	<b>\$1,874,822</b>	<b>\$1,941,007</b>	<b>\$1,941,007</b>	<b>\$1,941,007</b>	<b>\$0</b>
Salaries	\$1,255,194	\$1,411,421	\$1,417,562	\$1,473,246	\$1,473,246	\$1,473,246	\$0
Benefits	\$384,741	\$436,752	\$457,260	\$467,761	\$467,761	\$467,761	\$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
	<b>\$595,621</b>	<b>\$664,967</b>	<b>\$758,995</b>	<b>\$765,397</b>	<b>\$765,397</b>	<b>\$459,805</b>	<b>(\$305,592)</b>
Travel	\$87,931	\$90,891	\$160,476	\$163,732	\$163,732	\$163,732	\$0
Contractual Services	\$164,772	\$219,818	\$158,378	\$158,921	\$158,921	\$158,921	\$0
Supplies	\$15,423	\$19,755	\$32,635	\$19,158	\$19,158	\$19,158	\$0
Grants	\$290,075	\$321,525	\$389,512	\$405,592	\$405,592	\$100,000	(\$305,592)
Capital Outlay	\$37,404	\$12,915	\$17,994	\$17,994	\$17,994	\$17,994	\$0
Other Expenses and Budgeted Operating Transfers Out	\$16	\$64	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$2,235,557</b>	<b>\$2,513,140</b>	<b>\$2,633,817</b>	<b>\$2,706,404</b>	<b>\$2,706,404</b>	<b>\$2,400,812</b>	<b>(\$305,592)</b>
<b>Full-Time Equivalent (FTE)</b>	<b>21.71</b>	<b>22.06</b>	<b>22.0</b>	<b>22.0</b>	<b>22.0</b>	<b>22.0</b>	<b>0.00</b>

Funding Sources (Governor's Recommended)						
	General	Federal	Other	General%	Federal%	Other%
STATE GENERAL FUND	\$2,119,404	\$0	\$0	100.0%	0.0%	0.0%
VETERANS EDUCATION	\$0	\$281,408	\$0	0.0%	100.0%	0.0%

# Revenues and Statistics: Veterans' Benefits and Services (1711)

Revenues	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
No data available				
Performance Indicators	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
Sioux Falls Claims Office:				
Veteran Correspondence	9,632	9,905	9,500	9,000
Powers of Attorney Filed	2,507	1,667	1,600	1,600
Hearings Conducted	61	14	20	20
Pierre Veterans' Affairs Office:				
Headstone Benefit Paid	\$29,900	\$43,000	\$40,000	\$40,000
Funeral Honors	\$85,650	92,500	\$100,000	\$100,000
SD Veterans Bonus Applications	\$36,530	\$35,170	\$40,000	\$40,000
On-the-Job Apprenticeship & Training Programs	369	380	380	380
South Dakota Veteran Population	63,322	62,433	62,000	61,500
Monetary Award Obtained	\$350,658,027	\$414,375,490	\$390,000,000	\$390,000,000
County Service Officers	55	57	60	60
Tribal Veteran Officers	7	9	8	8

## State Veterans' Home (1721)

Mission - Ensure eligible veterans and their families receive the highest quality independent living area and nursing care at our nursing home in Hot Springs.

The Michael J. Fitzmaurice State Veterans Home provides quality long-term care services, rehabilitative, and social services to each resident. The goal is to ensure that each resident experiences the highest possible quality of life, every day. The Home is subject to the regulatory standards of the United States Department of Veterans Affairs and the South Dakota Department of Health and undergoes annual licensure inspections by both agencies in areas of resident care, quality, and safety. The focus at the Michael J. Fitzmaurice State Veterans Home is on the health of the whole person – intellectual, social, occupational, spiritual, emotional, and physical wellness.

### Major Items Summary: State Veterans' Home (1721)

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2026 Base Budget</b>	<b>\$2,639,856</b>	<b>\$3,550,533</b>	<b>\$6,752,299</b>	<b>\$12,942,688</b>	<b>118.2</b>	<b>\$2,639,856</b>	<b>\$3,550,533</b>	<b>\$6,752,299</b>	<b>\$12,942,688</b>	<b>118.2</b>
1. Contract Inflation	\$363,992	\$0	\$0	\$363,992	0.0	\$0	\$0	\$0	\$0	0.0
2. FMAP Change	\$119,344	(\$119,344)	\$0	\$0	0.0	\$119,344	(\$119,344)	\$0	\$0	0.0
3. Medicaid Expansion 5% FMAP Savings	\$295,404	(\$295,404)	\$0	\$0	0.0	\$295,404	(\$295,404)	\$0	\$0	0.0
4. Prevailing Rate Payments	\$202,083	\$0	\$0	\$202,083	0.0	\$0	\$0	\$0	\$0	0.0
5. Utility Cost Adjustment	\$0	\$0	(\$20,100)	(\$20,100)	0.0	\$0	\$0	(\$46,090)	(\$46,090)	0.0
<b>FY 2026 Total Budget</b>	<b>\$3,620,679</b>	<b>\$3,135,785</b>	<b>\$6,732,199</b>	<b>\$13,488,663</b>	<b>118.2</b>	<b>\$3,054,604</b>	<b>\$3,135,785</b>	<b>\$6,706,209</b>	<b>\$12,896,598</b>	<b>118.2</b>
Change from Base Budget	\$980,823	(\$414,748)	(\$20,100)	\$545,975	0.0	\$414,748	(\$414,748)	(\$46,090)	(\$46,090)	0.0
% Change from Base Budget	37.2%	(11.7%)	(0.3%)	4.2%	0.0%	15.7%	(11.7%)	(0.7%)	(0.4%)	0.0%

### 1. Contract Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$363,992	\$0	\$0	\$363,992	0.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of **\$363,992** in **general funds** for food contract inflation at the State Veterans' Home.

*The governor does not recommend this request.*

The Department of Veterans' Affairs is responsible for caring for and feeding veterans who are staying at the State Veterans' Home in Hot Springs, SD. To provide the meal services starting in July 2024, the department contracted with Healthcare Services Group to provide food services at the State Veterans' Home. This contract will go from July 1 2024 to June 30, 2025. The contract has a monthly base of \$74,865.74 per month or \$898,388.88 for the year.

There is an option to renew the contract at the end of the year. The Department of Veterans' Affairs will use one-time funds to cover the cost of the contract and the department will look to use less contract staff and rely on FTEs to cover the cost of food services.

2. FMAP Change

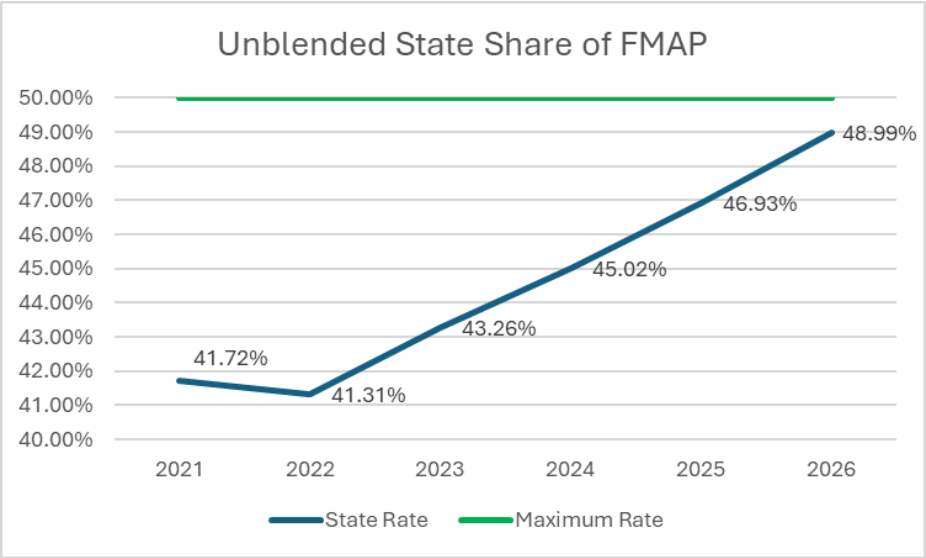
	General	Federal	Other	Total	FTE
Agency Request	\$119,344	(\$119,344)	\$0	\$0	0.00
Governor's Recommendation	\$119,344	(\$119,344)	\$0	\$0	0.00

The agency requests an increase of **\$119,344** in **general funds** and a decrease of **(\$119,344)** in **federal funds** for the FMAP change.

*The governor recommends this request.*

South Dakota administers certain programs, such as Medicaid, Temporary Aid for Needy Families, and the Pierre Rural Family Medicine Residency Program. The cost of these programs is split between the state and the federal government at a rate called the Federal Medical Assistance Percentage or FMAP for short.

The exact percentage varies every year depending on the ratio of the three-year average of the per capita income of South Dakota versus the three-year average of the per capita income of the United States as a whole. The data for this calculation comes from the per capita income report produced by the Bureau of Economic Analysis. The state share of the FMAP must be between 50% and 17%. The FMAP is governed in code by 42 U.S. Code § 1396b.

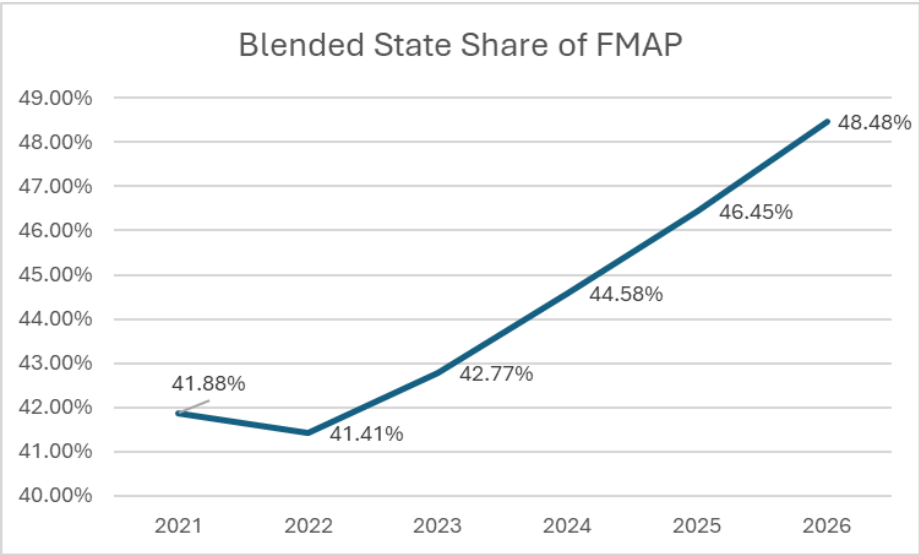


For budgeting purposes, we use a blended FMAP which is a weighted average of the FMAP of the current year and the FMAP of the upcoming year. This is because the state fiscal year begins in July for South Dakota while the federal fiscal year begins in October for the federal government.

For SFY2026, the blended FMAP state share is 48.47% up from 46.45% in SFY2025. The main reason for is the stronger than expected income performance for South Dakota in 2022. The unemployment rate in South Dakota has been at about 2% per year for the past few years with a labor participation rate of 67.5%. The unemployment rate for the United States has been 4% for 2023 and the labor



participation rate has been 62.6%. These factors have been driving the state share of FMAP up for the past few years since the COVID-19 pandemic.



The Department of Veteran Affairs uses FMAP for the treatment of veterans at the Veterans’ Home who qualify for Medicaid.

3. Medicaid Expansion 5% FMAP Savings

	General	Federal	Other	Total	FTE
Agency Request	\$295,404	(\$295,404)	\$0	\$0	0.00
Governor's Recommendation	\$295,404	(\$295,404)	\$0	\$0	0.00

The agency requests an increase of **\$295,404** in **general funds** and a decrease of **(\$295,404)** in **federal funds** for the enhanced 5% FMAP Savings from the adoption of Medicaid Expansion.

*The governor recommends this request.*

As part of the American Rescue Plan Act (ARPA) of 2021 § 9814, states that expanded Medicaid after the passage of ARPA could receive an additional 5% FMAP bonus for two years after the state adopted Medicaid Expansion.

During the 2022 election, voters approved Amendment D into the South Dakota constitution, providing for the expansion of Medicaid into the state. In FY2024, Medicaid Expansion was adopted and put into the budget. As per ARPA, all programs that received the traditional FMAP match received an additional 5% enhanced FMAP match. This match was included in the budgets for the Department of Social Services, Department of Human Services, Department of Veteran Affairs, Department of Health, and the Department of Corrections. The enhanced FMAP for all departments was included in the FY2024 budget and continued into the FY2025 budget as a fund swap between the general fund and federal funds.

The 5% FMAP savings ends as of FY2026. The changes include what was budgeted back in FY2024 plus any changes that would be affected by the 5% FMAP savings, such as nurses' salaries, program costs, and new programs that were budgeted using the savings built in.

4. Prevailing Rate Payments

	General	Federal	Other	Total	FTE
Agency Request	\$202,083	\$0	\$0	\$202,083	0.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of **\$202,083** in **general funds** for additional costs relating to the treatment of prevailing rate payments.

*The governor does not recommend this request.*

When a veteran is treated at the South Dakota Veterans’ Home for service related issues, there are a number of ways the treatment can be paid for. These could include payment from the Veterans’ family, Medicaid, and through the Prevailing Rate. If a veteran is rated with at least a 95% service related disability and is admitted to the Veterans’ Home, the treatment of the veteran can be paid for through something called the “Prevailing Rate”. At the prevailing rate, the treatment of the veteran is paid for entirely by the federal Department of Veterans’ Affairs. The payment of the treatment is initially paid for by the Veterans’ Home Operating Fund, and then backfilled by the federal Department of Veteran Affairs. However, the maximum daily reimbursement for these costs is capped at \$477.47 per day.

Previously, if there was something that exceeded the cost, such as an expensive prescription, the costs could be covered by outside providers billing third-party insurers that the veteran held. However, a recent ruling by the federal Department of Veterans’ Affairs required that the costs of treating prevailing rate veterans had to be coming from the \$477.47 per day. Any excess costs would need to be covered by the Veterans’ Home Operating fund.

The request from the agency is to backfill the gap between the \$477.47 per day and what the costs of treatment have been coming in.

5. Utility Cost Adjustment

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	(\$20,100)	(\$20,100)	0.00
Governor's Recommendation	\$0	\$0	(\$46,090)	(\$46,090)	0.00

The agency requests a decrease of **(\$20,100)** in **other fund** expenditure authority for utility cost adjustments at the State Veterans’ Home.

*The governor recommends a decrease of **(\$46,090)** in **other fund** expenditure authority.*

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 utilities 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 adjustment is for the change in utility costs at the State Veterans’ Home. This includes \$22,932 for wood chips for heating, \$8,409 for propane gas, and a decrease of \$38,180 in electricity costs. The State Veterans’ Home does have a series of solar panels which has brought down the amount of electricity needed to power the home. This will all be paid out of the State Veterans’ Home Operating Fund.

Reversions and Unutilized FTE (1721)

	General	Federal	Other
Original Appropriation FY2024	\$2,225,412	\$3,273,770	\$6,236,378
Pool Distributions	\$223,467	\$273,751	\$305,612
Supplemental Changes	\$790,287	\$57,133	(\$855,834)
Agency Adjustments	\$0	\$0	\$61,729
Transfers	\$0	(\$450,000)	\$765,000
Reorganizations	\$0	\$0	\$0
Adjusted Appropriation FY2024	\$3,239,166	\$3,154,654	\$6,512,885
FY2024 Expenditures	\$3,239,166	\$3,063,651	\$6,297,448
Reversion of Authority	\$0	\$91,003	\$215,437
Unutilized FTE			35.6

Budget Request: State Veterans' Home (1721)

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	\$2,078,735	\$3,239,166	\$3,239,166	\$2,639,856	\$3,620,679	\$3,054,604	\$414,748
Federal	\$1,898,634	\$3,063,651	\$3,154,654	\$3,550,533	\$3,135,785	\$3,135,785	(\$414,748)
Other	\$7,477,677	\$6,297,448	\$6,512,885	\$6,752,299	\$6,732,199	\$6,706,209	(\$46,090)
Total	\$11,455,046	\$12,600,265	\$12,906,705	\$12,942,688	\$13,488,663	\$12,896,598	(\$46,090)
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
State Veterans' Home	\$11,455,046	\$12,600,265	\$12,906,705	\$12,942,688	\$13,488,663	\$12,896,598	(\$46,090)
Total	\$11,455,046	\$12,600,265	\$12,906,705	\$12,942,688	\$13,488,663	\$12,896,598	(\$46,090)
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
	\$6,585,947	\$6,842,734	\$7,031,020	\$9,156,471	\$9,156,471	\$9,156,471	\$0
Salaries	\$4,798,046	\$4,967,690	\$4,834,879	\$6,698,390	\$6,698,390	\$6,698,390	\$0
Benefits	\$1,787,902	\$1,875,044	\$2,196,141	\$2,458,081	\$2,458,081	\$2,458,081	\$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
	\$4,869,099	\$5,757,531	\$5,875,685	\$3,786,217	\$4,332,192	\$3,740,127	(\$46,090)
Travel	\$57,620	\$63,787	\$40,128	\$40,751	\$40,751	\$40,751	\$0
Contractual Services	\$3,552,591	\$4,232,947	\$4,455,197	\$2,657,765	\$3,176,028	\$2,597,902	(\$59,863)
Supplies	\$979,776	\$1,063,937	\$939,967	\$982,308	\$1,010,020	\$996,081	\$13,773
Grants	\$0	\$4,960	\$0	\$0	\$0	\$0	\$0
Capital Outlay	\$279,112	\$391,899	\$440,393	\$105,393	\$105,393	\$105,393	\$0
Total	\$11,455,046	\$12,600,265	\$12,906,705	\$12,942,688	\$13,488,663	\$12,896,598	(\$46,090)
Full-Time Equivalent (FTE)	87.25	82.56	118.2	118.2	118.2	118.2	0.00

Funding Sources (Governor's Recommended)

	General	Federal	Other	General%	Federal%	Other%
STATE GENERAL FUND	\$190,949	\$0	\$0	6.3%	0.0%	0.0%
NEW WESTERN VETERANS HOME	\$0	\$91,341	\$0	0.0%	2.9%	0.0%
VETERANS HOME OPERATING FUND	\$0	\$0	\$6,434,017	0.0%	0.0%	95.9%
VETERANS HOME CAPITAL FUND	\$0	\$0	\$272,192	0.0%	0.0%	4.1%
TITLE XIX-PROVIDER	\$2,863,655	\$3,044,444	\$0	93.7%	97.1%	0.0%

## Revenues and Statistics: State Veterans' Home (1721)

Revenues	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
Resident Rents:				
Long-Term Nursing Care	\$713,593	\$715,920	\$737,397	
Residential Living Services	\$178,549	\$135,192	\$139,248	
Veterans Affairs Per Diem:				
Long-Term Nursing Care	\$5,745,322	\$6,073,826	\$6,256,041	
Residential Living Services	\$254,305	\$204,765	\$210,908	
Title XIX Receipts - Long-Term Nursing Care	\$2,211,134	\$2,203,260	\$2,269,358	
Investment Council interest on operating fund	\$29,930	\$30,000	\$30,000	
Deceased Residents Estates & Interest	\$132,932	\$8,000	\$8,000	
Misc. Revenue, Reimbursements	\$796,679	\$150,000	\$150,000	
Performance Indicators	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
Average Daily Census (ADC)	74	70	70	70
Veterans	62	61	63	62
Non-Veterans (spouses, widows)	11	9	9	10
Long-Term Nursing Care (NCU, SCU)	58	59	60	62
Residential Living Care (RLS)	14	11	12	12
Admissions	9	23	20	15
Deaths	13	16	15	15
Discharges	5	4	5	4
Residential Care Days				
Long-Term Nursing Care	21078	21999	21900	21900
Residential Livings Services	5250	4189	4200	4200

State Veterans' Cemetery (1731)

Mission - Ensure eligible veterans and their families receive an honorable final resting place maintained to the highest national standards.

Currently, the South Dakota Veterans Cemetery has 2,319 graves. With future expansion of our existing 60 acres the cemetery will support 28,519 graves in multiple phases. In 2024, the Cemetery surpassed a total of 907 interments for veterans and their eligible dependents since burials began in 2021. Burial options include casket burial, cremation in-ground burial, columbarium and scattering garden.

Major Items Summary: State Veterans' Cemetery (1731)

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
FY 2026 Base Budget	\$173,915	\$0	\$238,020	\$411,935	5.0	\$173,915	\$0	\$238,020	\$411,935	5.0
1. Cemetery Technicians	\$230,000	\$0	\$0	\$230,000	4.0	\$0	\$0	\$115,000	\$115,000	2.0
2. Veterans' Cemetery Operations	\$0	\$0	\$250,000	\$250,000	0.0	\$0	\$0	\$0	\$0	0.0
FY 2026 Total Budget	\$403,915	\$0	\$488,020	\$891,935	9.0	\$173,915	\$0	\$353,020	\$526,935	7.0
Change from Base Budget	\$230,000	\$0	\$250,000	\$480,000	4.0	\$0	\$0	\$115,000	\$115,000	2.0
% Change from Base Budget	132.2%	0.0%	105.0%	116.5%	80.0%	0.0%	0.0%	48.3%	27.9%	40.0%

1. Cemetery Technicians

	General	Federal	Other	Total	FTE
Agency Request	\$230,000	\$0	\$0	\$230,000	4.00
Governor's Recommendation	\$0	\$0	\$115,000	\$115,000	2.00

The agency requests an increase of **\$230,000** in **general funds** and an increase of **4.0** FTE for Cemetery Technicians at the State Veterans' Cemetery.

*The governor recommends an increase of **\$115,000** in **other fund** expenditure authority and an increase of **2.0** FTE.*

The State Veterans' Cemetery is land owned by the state to bury veterans after they passed away. The cemetery is located in Sioux Falls and South Dakota is responsible for the maintenance of the land and the headstones for all veterans buried in the graveyard.

The Department of Veterans' Affairs is requesting to hire two more Cemetery Technicians for the State Veterans' Cemetery. The technicians will be responsible for the maintenance, care, and cleaning of all headstones and the maintenance of the grounds. This might include duties such as lawn maintenance, road maintenance, and the cleaning of the headstones. The paygrade of the Cemetery Technicians would be GE, which translates to a mid-point wage of \$20.91 per hour or \$43,660.08 per year.

There are currently about 870 headstones in the Veterans' Cemetery, and is currently using 3 FTEs to maintain the cemetery, not including any contracted employees. The department is expecting to put in 250 to 270 headstones over the next few years. The request is to cover the expanding needs of the cemetery.

The costs of the FTEs will be covered by the State Veterans' Cemetery Operating Fund.

2. Veterans' Cemetery Operations

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$250,000	\$250,000	0.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of **\$250,000** in **other fund** expenditure authority for an increase in cemetery operations.

*The governor does not recommend this request.*

The Department of Veterans' Affairs is requesting additional other fund authority for the maintenance of the State Veterans' Cemetery. Currently, there are about 870 headstones in the State Veterans' Cemetery, and the department is expecting about 250 to 270 additional headstones in the next few years. The request would be used to hire or contract new staff and purchase equipment to help maintain the headstones and grounds. This is to account for the current needs and future needs of the State Veterans' Cemetery.

The request would use the State Veterans' Cemetery Operating Fund.



## Reversions and Unutilized FTE (1731)

	General	Federal	Other
Original Appropriation FY2024	\$158,161	\$0	\$209,561
Pool Distributions	\$8,699	\$0	\$19,966
Supplemental Changes	\$0	\$0	\$0
Agency Adjustments	\$2,372	\$0	\$0
Transfers	\$0	\$10,500	(\$10,500)
Reorganizations	\$0	\$0	\$0
Adjusted Appropriation FY2024	\$169,232	\$10,500	\$219,027
FY2024 Expenditures	\$166,924	\$10,376	\$159,264
<b>Reversion of Authority</b>	<b>\$2,308</b>	<b>\$124</b>	<b>\$59,763</b>
<b>Unutilized FTE</b>			<b>1.1</b>

## Budget Request: State Veterans' Cemetery (1731)

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	\$158,424	\$166,924	\$169,232	\$173,915	\$403,915	\$173,915	\$0
Federal	\$0	\$10,376	\$10,500	\$0	\$0	\$0	\$0
Other	\$61,192	\$159,264	\$219,027	\$238,020	\$488,020	\$353,020	\$115,000
<b>Total</b>	<b>\$219,616</b>	<b>\$336,564</b>	<b>\$398,759</b>	<b>\$411,935</b>	<b>\$891,935</b>	<b>\$526,935</b>	<b>\$115,000</b>
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
State Veterans' Cemetery	\$219,616	\$336,564	\$398,759	\$411,935	\$891,935	\$526,935	\$115,000
<b>Total</b>	<b>\$219,616</b>	<b>\$336,564</b>	<b>\$398,759</b>	<b>\$411,935</b>	<b>\$891,935</b>	<b>\$526,935</b>	<b>\$115,000</b>
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
	<b>\$146,448</b>	<b>\$246,572</b>	<b>\$306,497</b>	<b>\$333,819</b>	<b>\$563,819</b>	<b>\$438,819</b>	<b>\$105,000</b>
Salaries	\$111,463	\$179,276	\$225,191	\$250,318	\$480,318	\$355,318	\$105,000
Benefits	\$34,985	\$67,296	\$81,306	\$83,501	\$83,501	\$83,501	\$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
	<b>\$73,168</b>	<b>\$89,992</b>	<b>\$92,262</b>	<b>\$78,116</b>	<b>\$328,116</b>	<b>\$88,116</b>	<b>\$10,000</b>
Travel	\$2,059	\$3,448	\$1,500	\$2,588	\$2,588	\$2,588	\$0
Contractual Services	\$37,623	\$39,494	\$26,945	\$36,211	\$111,211	\$46,211	\$10,000
Supplies	\$22,641	\$28,680	\$19,698	\$19,698	\$179,698	\$19,698	\$0
Capital Outlay	\$10,845	\$18,370	\$44,119	\$19,619	\$34,619	\$19,619	\$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
Total	\$219,616	\$336,564	\$398,759	\$411,935	\$891,935	\$526,935	\$115,000
Full-Time Equivalent (FTE)	2.24	3.88	5.0	5.0	9.0	7.0	2.0

Funding Sources (Governor's Recommended)

	General	Federal	Other	General%	Federal%	Other%
VETERANS FUNDS	\$0	\$0	\$353,020	0.0%	0.0%	100.0%
STATE GENERAL FUND	\$173,915	\$0	\$0	100.0%	0.0%	0.0%

Revenues and Statistics: State Veterans' Cemetery (1731)

Revenues	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
Cemetery Endowment				
Net Assets	\$3,102,465	\$3,105,000	\$3,110,000	
Future Commitments	\$460,000			
Performance Indicators	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
Burials	195	229	215	215

## Budget History

FY 2025 Budget		General	Federal	Other	Total	FTE
Utility Cost Adjustment		\$0	\$0	(\$6,839)	(\$6,839)	0.00
FMAP Change		\$106,912	(\$106,912)	\$0	\$0	0.00
Agency Specific Salary Adjustment		\$7,437	\$0	\$0	\$7,437	0.00
Totals		\$114,349	(\$106,912)	(\$6,839)	\$598	0.00
Session 2024 Supplemental and Special Appropriations	Bill	General	Federal	Other	Total	FTE
No Changes						
Totals		\$0	\$0	\$0	\$0	0.00
FY 2024 Budget		General	Federal	Other	Total	FTE
Contract Inflation		\$0	\$0	\$170,247	\$170,247	0.00
Veterans' Home Supplies		\$0	\$0	\$69,592	\$69,592	0.00
Utility Cost Adjustment		\$0	\$0	\$47,747	\$47,747	0.00
FMAP Change		\$97,956	(\$97,956)	\$0	\$0	0.00
Medicaid Expansion 5% FMAP Savings		(\$270,599)	\$270,599	\$0	\$0	0.00
Agency Specific Salary Adjustment		\$20,000	\$0	\$0	\$20,000	0.00
Veterans' Headstone Setting		\$32,500	\$0	\$0	\$32,500	0.00
Private Headstone Subsidy		\$100	\$0	\$0	\$100	0.00
Totals		(\$120,043)	\$172,643	\$287,586	\$340,186	0.00
Session 2023 Supplemental and Special Appropriations	Bill	General	Federal	Other	Total	FTE
No Changes						
Totals		\$0	\$0	\$0	\$0	0.00
FY 2023 Budget		General	Federal	Other	Total	FTE
Bond/Lease Payment Adjustments		\$0	\$0	\$56,168	\$56,168	0.00
Contract Inflation		\$0	\$0	\$35,583	\$35,583	0.00
Utility Cost Adjustment		\$0	\$0	(\$57,150)	(\$57,150)	0.00
Payor Mix Change		(\$514,819)	(\$772,229)	\$1,287,048	\$0	0.00
FMAP Change		\$87,734	(\$87,734)	\$0	\$0	0.00
Honor Guard Payment Increase		\$55,000	\$0	\$0	\$55,000	0.00

FY 2023 Budget		General	Federal	Other	Total	FTE
Totals		(\$372,085)	(\$859,963)	\$1,321,649	\$89,601	0.00
Session 2022 Supplemental and Special Appropriations	Bill	General	Federal	Other	Total	FTE
Road Improvements near State Veterans Cemetery	SB 63	\$0	\$0	\$500,000	\$500,000	0.00
6.2% Enhanced FMAP	SB 60	(\$172,500)	\$172,500	\$0	\$0	0.00
FY2022 6.2% Enhanced FMAP (4th Quarter)	SB 60	(\$57,500)	\$57,500	\$0	\$0	0.00
Various Statewide Utilities	SB 60	\$0	\$0	(\$70,987)	(\$70,987)	0.00
Veterans' Home Solar Field Loan	SB 60	\$0	\$0	\$56,168	\$56,168	0.00
Totals		(\$230,000)	\$230,000	\$485,181	\$485,181	0.00