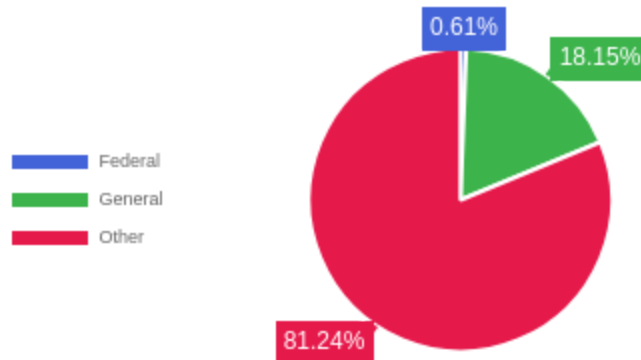


Bureau of Human Resources and Administration (BHRA)

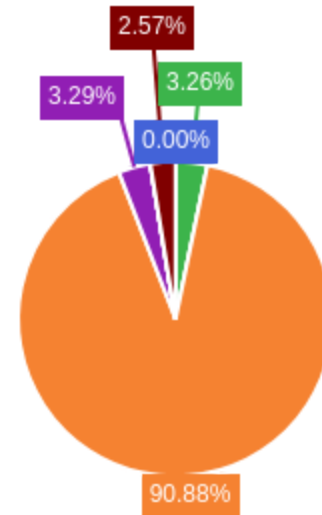
Fiscal Year 2026 Budget Brief Summary

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

- Darin Seeley, Commissioner
- Morgan Gruebele, Executive Management Finance Director
- Angi Kappenman, Director of Total Rewards
- Craig Ambach, Director of Legal & Risk
- Jason Kettwig, Deputy Commissioner General Services
- Jennifer Meyer, Director of Human Resources
- Catherine Williamson, State Hearing Examiner

Bureau of Human Resources and Administration (BHRA)

Human Resources mission: to build, develop, and support a high-performing and healthy workforce for the state of South Dakota and its employees.

Administration mission: to provide, at the most economical price, quality central services necessary for the operation of state government. Central services include maintenance of the Capitol Complex buildings and grounds, maintenance of state-owned buildings under the purview of the bureau, procurement, engineering, risk management, records management, fleet and travel, central mail, central duplicating, state and federal property management, leased space, debt collection, and administrative hearings.

Bureau of Human Resources and Administration (BHRA) Budget Units

- Administrative Services (0121)
- Central Services (0123)
- State Engineer (0124)
- Statewide Maintenance and Repair (0125)
- Office of Hearing Examiners (0126)
- Obligation Recovery Center (0127)
- Risk Management Administration - Info (01281)
- Risk Management Claims - Info (01282)
- Captive Insurance Pool (01283)
- Personnel Management/Employee Benefits (01291)

Major Items Summary - Bureau of Human Resources and Administration (BHRA)

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
FY 2026 Base Budget	\$21,220,639	\$500,000	\$65,656,612	\$87,377,251	237.0	\$21,220,639	\$500,000	\$65,656,612	\$87,377,251	237.0
1. Debt Collection Vendor Recovery Fees	\$0	\$0	\$520,000	\$520,000	0.0	\$0	\$0	\$520,000	\$520,000	0.0
2. Inmate Labor	\$0	\$0	\$40,000	\$40,000	0.0	\$0	\$0	\$40,000	\$40,000	0.0
3. Maintenance and Repair	\$4,320,569	\$0	\$0	\$4,320,569	0.0	(\$6,381,945)	\$0	\$0	(\$6,381,945)	0.0
4. Online Bidding System Software Maintenance	\$0	\$0	\$15,000	\$15,000	0.0	\$0	\$0	\$0	\$0	0.0
5. Owner Insite Project Management Software	\$0	\$0	\$30,000	\$30,000	0.0	\$0	\$0	\$30,000	\$30,000	0.0
6. Salary Adjustment for Hearing Examiner	\$13,907	\$0	\$0	\$13,907	0.0	\$13,907	\$0	\$0	\$13,907	0.0
7. Sioux Falls One Stop	\$0	\$0	\$146,424	\$146,424	0.0	\$0	\$0	\$146,424	\$146,424	0.0
8. Utility Cost Adjustment	\$0	\$0	\$59,344	\$59,344	0.0	\$0	\$0	\$101,813	\$101,813	0.0
FY 2026 Total Budget	\$25,555,115	\$500,000	\$66,467,380	\$92,522,495	237.0	\$14,852,601	\$500,000	\$66,494,849	\$81,847,450	237.0
Change from Base Budget	\$4,334,476	\$0	\$810,768	\$5,145,244	0.0	(\$6,368,038)	\$0	\$838,237	(\$5,529,801)	0.0
% Change from Base Budget	20.4%	0.0%	1.2%	5.9%	0.0%	(30.0%)	0.0%	1.3%	(6.3%)	0.0%

1. Debt Collection Vendor Recovery Fees

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$520,000	\$520,000	0.00
Governor's Recommendation	\$0	\$0	\$520,000	\$520,000	0.00

The agency requests an increase of **\$520,000** in **other fund** expenditure authority for the Obligation Recovery Center (ORC) to pay debt recovery fees to its vendor.

The ORC is the state’s vendor-run (through Reliant Capital Solutions, LLC) debt collection effort, which began operating in July 2016. Established through [SDCL 1-55](#), it serves as the repository for “identification, registration, oversight, and collection of debts owed to any agency or department of the state.” The ORC adds a 20% cost recovery fee to the principal of debts referred to it by agencies and authority in this center is used for the payment of these fees to the vendor. Reliant Capital Solutions projects collections will be 20% higher in FY2026 compared to FY2025. (Additionally, a one-time increase for the ORC is being requested in the supplemental bill based on Reliant’s projections for FY2025 collections.)

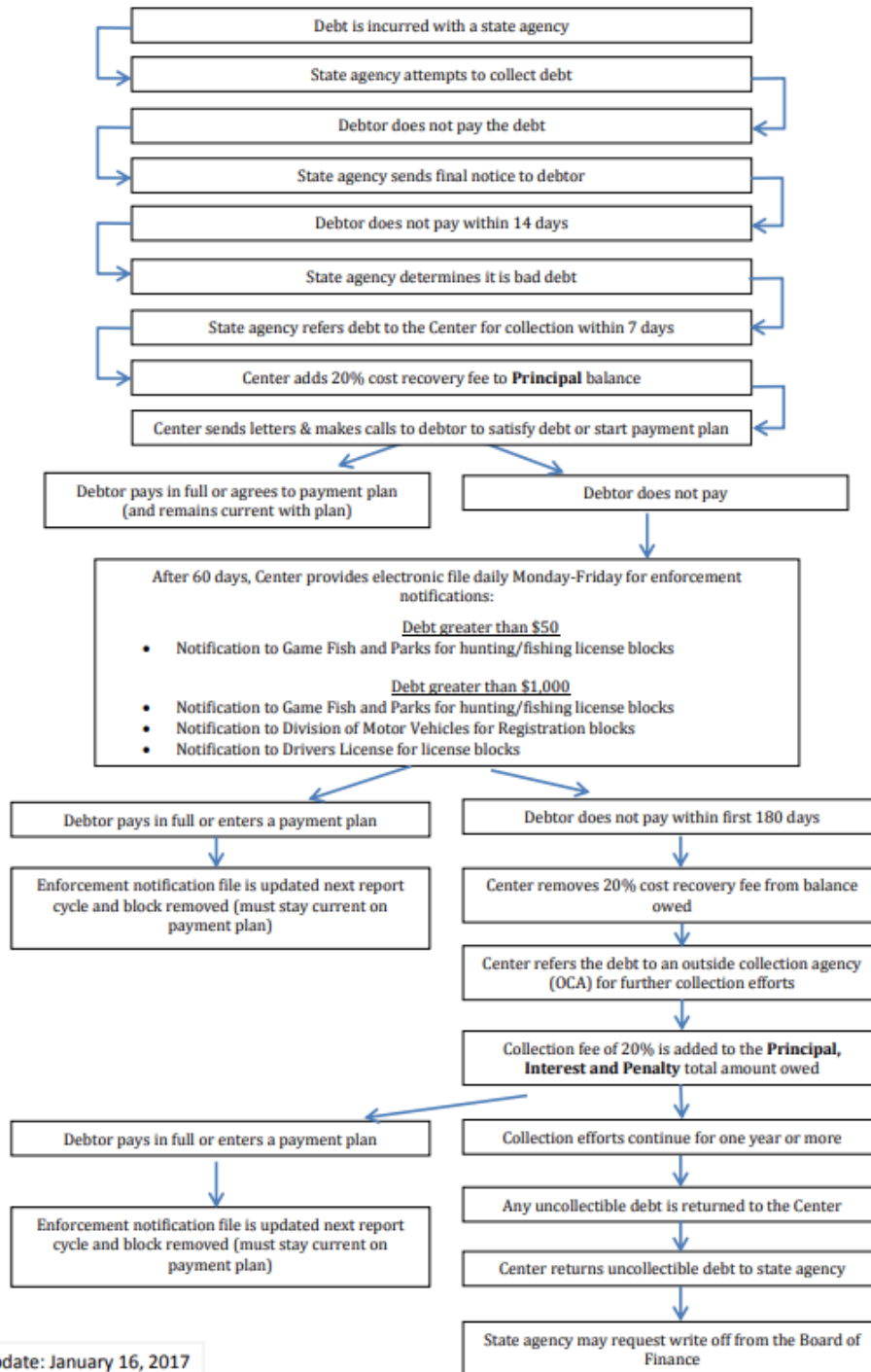
The ORC may itself refer debts it is seeking to collect to an outside collection agency (OCA), which may add a collection charge up to 20% of the total (principal, interest, and penalties) of the debt that has been referred. The OCA the ORC partners with is HS Financial Group, LLC.

In FY2024, referrals to the ORC and ORC referrals to the OCA were as follows:

ORC & OCA 2024 Performance					
ORC Received			ORC referred to the *OCA		
Accounts Referred**	25,451		Accounts Referred**	9,003	
Amount Referred	\$20,939,456		Amount Referred	\$7,965,350	
Total Collected	\$3,916,542		Total Collected	\$1,151,003	
* OCA – Outside Collection Agency					
** Accounts Referred – Number of Accounts referred to the ORC or OCA by all State Agencies					

The flowchart below illustrates the ORC debt collection process.

Obligation Recovery Center (Center) Debt Collection Process



Last Update: January 16, 2017

The ORC presents its annual reports ([FY2024 report available here](#)) to the Government Operations and Audit Committee.

The fund source for this authority is the Obligation Recovery Center fund (Company 3195).

The governor recommends this request.

2. Inmate Labor

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$40,000	\$40,000	0.00
Governor's Recommendation	\$0	\$0	\$40,000	\$40,000	0.00

The agency requests an increase of **\$40,000** in **other fund** expenditure authority for inmate labor compensation. BHRA employs 3-4 inmates in Pierre to work on the Capitol Complex and the Governor’s residence and one inmate in Yankton to work in the Kanner building. The rate is based on the state minimum wage, which increased in January 2024 from \$10.80 per hour to \$11.20 per hour. Effective January 1, 2025, it has increased to \$11.50 per hour. In FY2024, BHRA spent \$54,336 on prisoner compensation, but it is currently budgeted \$17,000. This request will bring authority up to anticipated expenditures.

The fund source for this authority is the Buildings and Grounds Fund (Company 6004), which receives revenue by billing state agencies for maintenance costs.

The governor recommends this request.

3. Maintenance and Repair

	General	Federal	Other	Total	FTE
Agency Request	\$4,320,569	\$0	\$0	\$4,320,569	0.00
Governor's Recommendation	(\$6,381,945)	\$0	\$0	(\$6,381,945)	0.00

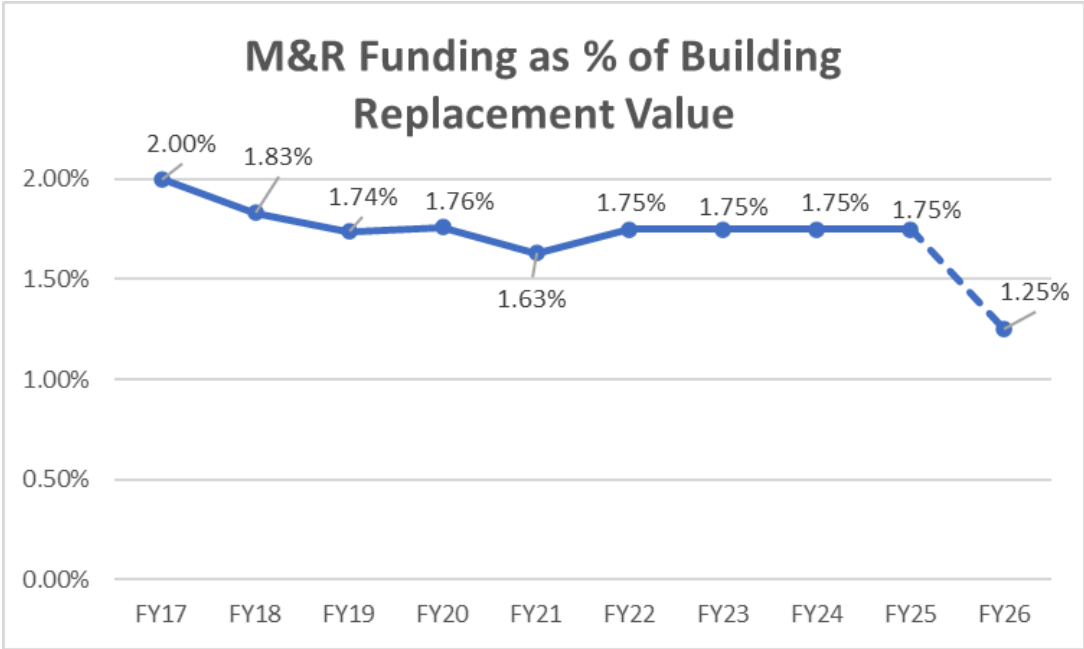
The agency requests an increase of **\$4,320,569** in **general funds** for funding statewide maintenance and repair at 2%.

Maintenance and Repair (M&R) refers to the maintenance and repair of state-owned buildings. Governor Daugaard set a goal of M&R funding equal to 2% of building replacement value, which is an industry standard for commercial buildings. The rationale behind 2% funding is to prevent M&R being deferred and thus creating the need for major projects in the future. Funding was at 2% for FY2017 and has been maintained at a percentage above 1.5% in the years since, a pattern from which the Governor’s recommendation of 1.25% for FY2026 would be a break.

The Office of the State Engineer maintains a list of projects anticipated to be completed over the next 3-5 years. Those projects are included in the Bureau of Finance and Management’s Five-Year Capital Expenditure Plan. Last year’s report can be found [here](#). This year’s report will be released by January 15.

The BHRA budget includes Statewide M&R, while certain other agencies have their own M&R budgets. The estimated replacement value of the state-owned buildings managed by BHRA is \$1,437,596,182 and the current (FY2025) budget for Statewide M&R is \$24,219,467.

The graph below shows funding for M&R since FY2017.



BHRA currently has a backlog of M&R projects. Each potential project must answer eight questions:

- (1) Is there currently a life/health/safety risk?
- (2) Has the equipment/system failed?
- (3) Is the system in disrepair that will cause loss or reduction of occupancy or function?
- (4) Is the system in disrepair which, if not corrected, will cause cost increases due to additional damage, energy consumption, liability claims, etc.?
- (5) Is the system/facility currently creating an undesirable appearance?
- (6) Will the system become critical if not maintained within the next two years?
- (7) If not maintained, will the project directly impact the institution's mission in the next two years?
- (8) Will this project reduce energy consumption?

If the project does pose a life, health, or safety risk, it is funded immediately, even if another project must be postponed. The projects are then ranked, with the relevant department's assistance, based on their mission, the deteriorated state of the M&R project, the cost, and other projects taking place on the same campus.

Below is the list of projects that were moved from FY2026 to FY2027 as part of BHRA's planning for a reduction in Statewide M&R funding under the Governor's recommendation. This list is fluid depending on other project needs that may arise and take priority (e.g., because they pose an immediate safety risk). The decrease in funding would impact other projects that have been planned for FY2027 as well.

CAPITOL	BECKER HANSEN	PARKING LOT RE-CONSTRUCTION
CAPITOL	CAPITOL	RISING DAMP
CAPITOL	CAPITOL/KNEIP	PARKINGLOT MAINTENANCE
STATE RADIO	KTSD RELIANCE, KZSD LONG VALLEY	REPLACE ICE SHIELDS
MDSP	MONTGOMERY	EAST AND SOUTH DOUBLE DOOR REPLACEMENT
MDSP	EAST AND WEST CRAWFORD	REPLACE HEATING UNITS
DOC WP	CAMPUS WIDE	REPLACE LOCK CYLINDERS
CAPITOL	FOSS BUILDING	REPLACE NW STAIRS
SDDC	CAMPUS	CONCRETE ROAD REPLACEMENT
STATE FAIR	CAMPUS WIDE	UPDATE ELECTRICAL PANEL BOARDS
STATE FAIR	HORTICULTURE BLDG	UPDATE SERVICE AND LED LIGHTING
STATE FAIR	4H RABBIT BARN	EXTERIOR REPAIRS AND ELECTRICAL UPDATES
STATE FAIR	CARNIVAL MAT	CRACK SEAL AND CHIP SEAL
STATE VETS HOME	FITZMAURICE BUILDING	REPLACE FLOORING
SDDC	TUNNELS	ASBESTOS ABATEMENT PHASE 1
JPA	JPA UNIT D	ROOF REPLACEMENT
C15	CAMPUS	REPLACE SIX SLIDE GATE DRIVERS

The governor recommends a decrease of **(\$6,381,945)** in **general funds** to fund Maintenance and Repair at 1.25%.

4. Online Bidding System Software Maintenance

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$15,000	\$15,000	0.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of **\$15,000** in **other fund** expenditure authority to pay for ongoing system maintenance for the State Engineer’s online bidding platform. This platform allows contractors to submit bids for state projects online rather than physically by mail or hand delivery. The system is a Service Now platform and was developed by BIT using IT Modernization Funds. It is also used by the Board of Regents, the Department of the Military, Game, Fish, and Parks, and the Department of Agriculture and Natural Resources.

The fund source for this authority is the State Engineer Fund (Company 6016), which receives revenue from the State Engineer’s billings for expenses incurred from supervision of construction projects.

The governor does not recommend this request. Instead, this other fund authority has been included in the BIT Bureau Billing Pool and would be distributed to BHRA therefrom upon passage of the General Appropriations Act.

5. Owner Insite Project Management Software

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$30,000	\$30,000	0.00
Governor's Recommendation	\$0	\$0	\$30,000	\$30,000	0.00

The agency requests an increase of **\$30,000** in **other fund** expenditure authority for Owner Insite project management software. Owner Insite is replacing Project Register, which is an old Microsoft Access database no longer supported by BIT or Microsoft. The Office of the State Engineer uses project management software to track and manage all aspects of a building project, from planning to completion.

The fund source for this authority is the State Engineer Fund (Company 6016).

The governor recommends this request.

6. Salary Adjustment for Hearing Examiner

	General	Federal	Other	Total	FTE
Agency Request	\$13,907	\$0	\$0	\$13,907	0.00
Governor's Recommendation	\$13,907	\$0	\$0	\$13,907	0.00

The agency requests an increase of **\$13,907** in **general funds** for an adjustment to a staff hearing examiner’s salary.

The new examiner, for whom this request is being made, made a lateral move from another state agency to the Office of Hearing Examiners at their same salary, and is classified as an Attorney II. Since they have more experience than the hearing examiner they replaced, a higher starting salary is needed.

The responsibilities of a staff hearing examiner are to hear administrative hearings for state and public agencies; make and write decisions and findings of fact and conclusions of law; conduct board meetings; and perform various other office or legal duties as assigned by the Chief Hearing Examiner. This position requires a law degree, as well as experience practicing in the public or private sector, and is classified as an Attorney II.

The governor recommends this request.

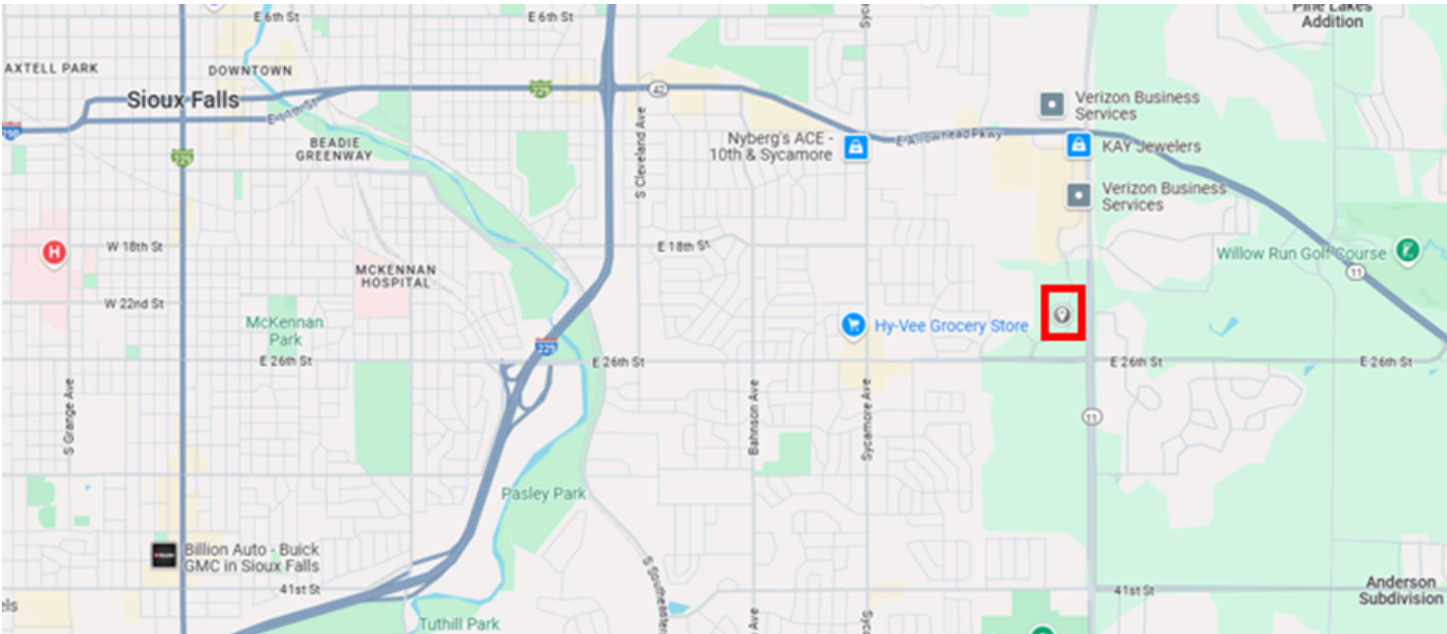
7. Sioux Falls One Stop

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$146,424	\$146,424	0.00
Governor's Recommendation	\$0	\$0	\$146,424	\$146,424	0.00

The agency requests an increase of **\$146,424** in **other fund** expenditure authority for rent costs at the Sioux Falls One Stop.

The Sioux Falls One Stop is a building set to house multiple agencies and designed to centralize public services in the Sioux Falls area. The campus is set to be located along Highline Avenue just north of 26th Street. It is south of Dawley Farms Village in the eastern part of the city.

Below is a map of the location of the One Stop within Sioux Falls.



The One Stop is being developed by Dream Design International, which has teamed up with CO-OP Architecture and McGough Construction to complete the project. Dream Design was selected via [a bidding process started on September 12, 2022](#). The company has taken on the full cost of constructing the building.

The landlord for the building will be SF One Stop LLC, a company managed by the owner of Dream Design International, Hani Shafai. The One Stop is expected to be completed and ready for move-in around June 2025. Agencies may move into the One Stop before the lease begins but must pay rent for the time that they occupy the building. The One Stop will consist of three connected structures at the same location, housing 13 separate agencies.

The lease is set to be for a period of 30 years, from September 1, 2025, to August 31, 2055. Each agency will be charged \$22.95 per sq. ft. for the lease plus \$3.97 per sq. ft. for the operating costs of the building, for a total of \$26.92 per sq. ft. Along with their own square

footage, agencies are responsible for the rent on a portion of the common area shared across the entire One Stop.

The state has agreed to pay, in total, \$543,387 per month for rent and \$93,998 per month for operating costs. The state is also responsible for covering the costs of electricity, gas, water, sewer, telephone, cable, janitorial services, garbage pickup, and internet. The landlord has agreed to cover landscaping, lawn mowing, and snow removal. In the event the Legislature does not provide expenditure authority for renting space in the One Stop, the lease becomes null and void.

The table below shows the cost per agency for renting space in the Sioux Falls One Stop compared to renting space in the previous locations being used by these agencies.

SIOUX FALLS			Prior to One Stop			One Stop			Difference		
Agency	Address	City	SqFt	Price per SqFt	Annual Cost	SqFt	Price per SqFt	Annual Cost	SqFt	Price per SqFt	Annual Cost
DOH	4101 West 38th St	Sioux Falls	23,575	\$ 13.50	\$ 318,264	43,355	\$ 26.92	\$ 1,167,124	13,862	\$ 13.15	\$ 760,977
DOH	2900 West 11th St	Sioux Falls	5,918	\$ 14.85	\$ 87,882						
DHS	2900 West 11th St	Sioux Falls	7,640	\$ 14.85	\$ 113,454						
DHS	811 East 10th St	Sioux Falls	7,534	\$ 13.75	\$ 103,565	28,985	\$ 26.92	\$ 780,284	13,811	\$ 12.62	\$ 563,265
DPS	2501 West Russell St	Sioux Falls	4,758	\$ 14.68	\$ 69,847	12,172	\$ 26.92	\$ 327,659	7,414	\$ 12.24	\$ 257,811
DOR	300 S Sycamore Ave Ste 102	Sioux Falls	9,578	\$ 18.45	\$ 176,666	14,597	\$ 26.92	\$ 392,959	5,019	\$ 8.47	\$ 216,293
DLR	301 East 14th Suite 200	Sioux Falls	1,260	\$ 13.86	\$ 17,462						
DLR	1500 W 51st St Suite 102	Sioux Falls	4,703	\$ 13.00	\$ 61,139						
DLR	1500 W 51st St Suite 106	Sioux Falls	3,563	\$ 13.50	\$ 48,101	38,882	\$ 26.92	\$ 1,046,710	15,120	\$ 13.35	\$ 724,279
DLR	811 East 10th St	Sioux Falls	14,236	\$ 13.75	\$ 195,730						
DSS	811 East 10th St	Sioux Falls	42,018	\$ 13.75	\$ 577,631	96,552	\$ 26.92	\$ 2,599,180	45,048	\$ 12.76	\$ 1,869,773
DSS	3900 West Technology Circle, S	Sioux Falls	9,486	\$ 16.00	\$ 151,776						
GOED	4901 South Isabel Place Suite 2	Sioux Falls	3,755	\$ 21.57	\$ 81,002	5,834	\$ 26.92	\$ 157,057	2,079	\$ 5.35	\$ 76,055
BIT	1701 North Terin Circle	Sioux Falls	2,500	\$ 6.25	\$ 15,625	10,124	\$ 26.92	\$ 272,545	7,624	\$ 20.67	\$ 256,920
DANR	4305 S Louise Ave Suite 107	Sioux Falls	700	\$ 12.52	\$ 8,764						
DANR	4305 S Louise Ave Suite 104 &	Sioux Falls	1,635	\$ 13.91	\$ 22,748	7,477	\$ 26.92	\$ 201,275	5,142	\$ 13.42	\$ 169,763
DOC	NA	NA	-	\$ -	\$ -	13,524	\$ 26.92	\$ 364,078	13,524	\$ 26.92	\$ 364,078
BHRA	4305 S Louise Ave	Sioux Falls	288	\$ 12.50	\$ 3,600	6,129	\$ 26.92	\$ 165,005	5,841	\$ 14.42	\$ 161,405
DOE	4001 West Valhalla Boulevard S	Sioux Falls	220	\$ 25.91	\$ 5,700	525	\$ 26.92	\$ 14,142	305	\$ 1.01	\$ 8,442
UJS	4101 West 38th St	Sioux Falls	534	\$ 13.50	\$ 7,212	5,966	\$ 26.92	\$ 160,602	5,432	\$ 13.42	\$ 153,390
			143,901	\$ 14.36	\$ 2,066,167	284,124	\$ 26.92	\$ 7,648,618	140,223	\$ 12.56	\$ 5,582,451

A total of 12 BHRA employees will be located at the One Stop. The following BHRA departments will offer services at the One Stop: Human Resources, Legal, Engineering, Fleet, and Mail. BHRA will also employ at the One Stop a main front desk senior secretary, a senior building maintenance worker, a building operations management worker, a contracted security worker, a contracted custodial worker, a building maintenance worker, and a part-time secretary.

The relevant Other Funds for the rent costs of the BHRA budget units at the One Stop are shown in the table below.

Budget Unit	Budget Unit Description	Fund
012910	Human Resources	Personnel – Labor & Management (6009)

012912	HR Administration	Personnel – Labor & Management (6009)
012917	Benefits	Insurance Administration (3035)
01241	Office of the State Engineer	State Engineer Fund (6016)
01281	Legal and Risk	Public Entity Pool for Liability (6014)
01236	Facilities and Acquisition Services	Building and Grounds (6004)

The governor recommends this request.

8. Utility Cost Adjustment

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$59,344	\$59,344	0.00
Governor's Recommendation	\$0	\$0	\$101,813	\$101,813	0.00

The agency requests an increase of **\$59,344** in **other fund** expenditure authority for utility cost adjustments.

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 budget adjustments 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 General Appropriations Act) 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.

This process is used for natural gas, propane, electricity, and fuel oil. Adjustments for sewer, garbage, and water are requested outside of this process and evaluated separately.

The fund source for this authority is the Buildings and Grounds Fund (Company 6004).

*The governor recommends an increase of **\$101,813** in **other fund** expenditure authority. BHRA re-ran their calculations in EnergyCAP and it returned a result \$42,469 higher than what was in the agency budget request.*

Bureau of Human Resources and Administration (BHRA) 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	\$17,594,905	\$19,767,363	\$19,776,960	\$21,220,639	\$25,555,115	\$14,852,601	(\$6,368,038)
Federal	\$500,000	\$500,000	\$800,000	\$500,000	\$500,000	\$500,000	\$0
Other	\$41,947,597	\$53,222,024	\$64,134,830	\$65,656,612	\$66,467,380	\$66,494,849	\$838,237
Total	\$60,042,502	\$73,489,386	\$84,711,790	\$87,377,251	\$92,522,495	\$81,847,450	(\$5,529,801)
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
Administrative Services	\$564,169	\$475,129	\$652,470	\$520,391	\$520,391	\$520,391	\$0
Central Services	\$23,665,519	\$25,643,433	\$29,697,990	\$29,698,683	\$29,822,082	\$29,864,551	\$165,868
State Engineer	\$1,692,095	\$2,059,406	\$2,078,836	\$2,004,682	\$2,064,376	\$2,049,376	\$44,694
Statewide Maintenance and Repair	\$21,147,583	\$22,812,724	\$22,812,724	\$24,219,467	\$28,540,036	\$17,837,522	(\$6,381,945)
Office of Hearing Examiners	\$375,469	\$462,979	\$463,021	\$474,602	\$488,509	\$488,509	\$13,907
Obligation Recovery Center	\$686,623	\$851,596	\$855,000	\$720,000	\$1,240,000	\$1,240,000	\$520,000
Risk Management Administration - Info	\$6,589,439	\$7,970,146	\$9,275,314	\$11,003,595	\$11,025,850	\$11,025,850	\$22,255
Risk Management Claims - Info	\$5,321,605	\$4,858,903	\$7,896,476	\$6,727,456	\$6,727,456	\$6,727,456	\$0
Captive Insurance Pool	\$0	\$0	\$1,521,000	\$1,836,000	\$1,836,000	\$1,836,000	\$0
Personnel Management/Employee Benefits	\$0	\$8,355,070	\$9,458,959	\$10,172,375	\$10,257,795	\$10,257,795	\$85,420
Total	\$60,042,502	\$73,489,386	\$84,711,790	\$87,377,251	\$92,522,495	\$81,847,450	(\$5,529,801)
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
	\$10,362,754	\$17,889,303	\$19,920,605	\$20,270,705	\$20,284,612	\$20,284,612	\$13,907
Salaries	\$7,790,606	\$13,624,460	\$14,976,337	\$15,102,088	\$15,115,995	\$15,115,995	\$13,907
Benefits	\$2,572,148	\$4,264,843	\$4,944,268	\$5,168,617	\$5,168,617	\$5,168,617	\$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
	\$49,679,748	\$55,600,083	\$64,791,185	\$67,106,546	\$72,237,883	\$61,562,838	(\$5,543,708)
Travel	\$154,577	\$287,140	\$444,973	\$493,119	\$493,119	\$493,119	\$0
Contractual Services	\$15,318,583	\$19,972,926	\$23,489,881	\$23,241,302	\$24,030,675	\$24,058,144	\$816,842
Supplies	\$4,885,021	\$5,594,952	\$5,370,060	\$5,416,611	\$5,438,006	\$5,438,006	\$21,395
Capital Outlay	\$25,911,931	\$27,053,837	\$31,247,437	\$33,216,680	\$37,537,249	\$26,834,735	(\$6,381,945)

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
Other Expenses and Budgeted Operating Transfers Out	\$3,409,636	\$2,691,230	\$4,238,834	\$4,738,834	\$4,738,834	\$4,738,834	\$0
Total	\$60,042,502	\$73,489,386	\$84,711,790	\$87,377,251	\$92,522,495	\$81,847,450	(\$5,529,801)
Full-Time Equivalent (FTE)	150.07	219.52	238.5	237.0	237.0	237.0	0.00

Funding Sources (Governor's Recommended)

	General	Federal	Other	General%	Federal%	Other%
BUILDINGS & GROUNDS FUND	\$0	\$0	\$659,983	0.0%	0.0%	1.0%
LIABILITY CAPTIVE INSURANCE COMPANY-STA	\$0	\$0	\$182,162	0.0%	0.0%	0.3%
LIABILITY CAPTIVE INSURANCE COMPANY FUND	\$0	\$0	\$121,147	0.0%	0.0%	0.2%
PROPERTY & CASUALTY CAPTIVE INS COMP FND	\$0	\$0	\$13,007,559	0.0%	0.0%	19.6%
STATE GENERAL FUND	\$14,852,601	\$0	\$0	100.0%	0.0%	0.0%
OBLIGATION RECOVERY CENTER (ORC)	\$0	\$0	\$1,240,000	0.0%	0.0%	1.9%
INSTITUTION M&R FEDERAL FUND	\$0	\$500,000	\$0	0.0%	100.0%	0.0%
STATE EMPL WORKERS COMPENSATIO	\$0	\$0	\$378,587	0.0%	0.0%	0.6%
STATE EMPLOYEES BENEFITS PLAN	\$0	\$0	\$1,596,152	0.0%	0.0%	2.4%
CAPITOL COMPLEX M&R	\$0	\$0	\$3,089,246	0.0%	0.0%	4.6%
STATE WIDE M&R	\$0	\$0	\$750,000	0.0%	0.0%	1.1%
RECORDS MANAGEMENT	\$0	\$0	\$483,411	0.0%	0.0%	0.7%
BUILDINGS & GROUNDS	\$0	\$0	\$8,675,236	0.0%	0.0%	13.0%
CENTRAL MAIL SERVICES	\$0	\$0	\$964,437	0.0%	0.0%	1.5%
PROPERTY MANAGEMENT	\$0	\$0	\$496,565	0.0%	0.0%	0.7%
CENTRAL DUPLICATING FUND	\$0	\$0	\$1,422,484	0.0%	0.0%	2.1%
FLEET & TRAVEL MANAGEMENT FUND	\$0	\$0	\$14,764,461	0.0%	0.0%	22.2%
PERSONNEL A-87	\$0	\$0	\$7,445,485	0.0%	0.0%	11.2%
TRAINING & DEVELOPMENT	\$0	\$0	\$456,365	0.0%	0.0%	0.7%
PROCUREMENT MANAGEMENT FUND	\$0	\$0	\$1,112,216	0.0%	0.0%	1.7%
STATE ENGINEER FUND	\$0	\$0	\$2,049,376	0.0%	0.0%	3.1%
BOA CENTRAL OFFICE	\$0	\$0	\$519,708	0.0%	0.0%	0.8%
FEDERAL PROPERTY AGENCY	\$0	\$0	\$801,831	0.0%	0.0%	1.2%
PUBLIC ENTITY POOL FOR LIABILI	\$0	\$0	\$6,278,438	0.0%	0.0%	9.4%

Inmate Labor

- Increase of **\$40,000 in other fund expenditure authority** for inmate labor. This increase is also being requested in the FY26 ongoing budget. BHRA employs 3-4 inmates in Pierre to work on the Capitol Complex and Governor's residence and one inmate in Yankton to work in the Kanner building, paying them based on the state minimum wage. This increase would bring the amount currently budgeted for this expense up to projected expenditures (actual FY24 expenditures were \$54,336). The Buildings and Grounds Fund (Company 6004) is the fund source for this authority.

Obligation Recovery Center Authority Adjustment

- Increase of **\$290,600 in other fund expenditure authority** for the Obligation Recovery Center to use its other fund (Company 3195) to pay collection fees to its vendor.

State Engineer Owner Insite Software

- Increase of **\$30,000 in other fund expenditure authority** for Owner Insite project management software. This increase is also being requested in the FY26 ongoing budget. The State Engineer uses project management software to track and manage all aspects of a building project, from planning to completion. Owner Insite is replacing Project Register, which is an old Microsoft Access database no longer supported by BIT or Microsoft. The State Engineer Fund (Company 6016) is the fund source for this authority.

Utilities

- Increase of **\$59,344 in other fund expenditure authority** for utility cost adjustments. The Buildings and Grounds Fund (Company 6004) is the fund source for this authority.

FY2026 State Employee Health Insurance

The tables below show planned changes to the state employee health insurance plan for FY2026.

While BHRA manages the plan, the corresponding budget increases for FY2026 health insurance costs are pooled in the budget of the Bureau of Finance and Management, which then distributes that pool to agencies.

(\$1,745,000) for plan design changes (second graphic) correspond to adjustments to deductibles, copays, and out-of-pocket maximums.

FY2026 Premium Increases

Washington Plan- \$5,750 Deductible w/HSA

Plan/Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$0.00	0%	\$0.00	\$0.00
Employee + Spouse	\$108.92	10%	\$10.90	\$119.82
Employee + Children	\$45.22	5%	\$2.26	\$47.48
Employee + Family	\$131.94	7%	\$9.24	\$141.18

Jefferson Plan - \$2,000 Deductible

Plan/Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$103.72	5%	\$5.20	\$108.92
Employee + Spouse	\$335.22	20%	\$67.04	\$402.26
Employee + Children	\$199.08	10%	\$19.92	\$219.00
Employee + Family	\$410.12	15%	\$61.52	\$471.64

Lincoln Plan - \$3,500 Deductible w/ HSA

Plan/Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$27.52	5%	\$1.38	\$28.90
Employee + Spouse	\$170.54	10%	\$17.06	\$187.60
Employee + Children	\$86.80	5%	\$4.34	\$91.14
Employee + Family	\$206.64	7%	\$14.46	\$221.10

Roosevelt Plan - \$0 Deductible

Plan/Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$134.40	5%	\$6.72	\$141.12
Employee + Spouse	\$403.60	20%	\$80.72	\$484.32
Employee + Children	\$245.14	10%	\$24.52	\$269.66
Employee + Family	\$493.92	15%	\$74.10	\$568.02

Note: Premium rate per month

State Health Plan: FY2025 and FY2026 Projection

	Actual FY2024	Projected FY2025	Projected FY2026
Employer Rate per Benefitted Employee	\$10,842	\$11,851	\$12,388
EMPLOYER	\$138,532,718	\$152,759,390	\$152,759,390
EMPLOYER INCREASE			\$6,921,930
COBRA	\$542,594	\$564,000	\$564,000
EMPLOYEE	\$17,155,406	\$18,518,500	\$18,518,500
EMPLOYEE INCREASE			\$1,950,400
REBATES/SUBROGATION	\$16,507,208	\$16,000,000	\$21,000,000
ADMINISTRATIVE FEE	\$129,192	\$129,000	\$129,000
INTEREST	\$1,695,363	\$1,300,000	\$1,300,000
TOTAL REVENUE	\$174,562,481	\$189,270,890	\$203,143,220
MEDICAL/RX CLAIMS	\$159,705,148	\$172,364,697	\$183,724,370
PLAN DESIGN CHANGES			(\$1,745,000)
ADMINISTRATION	\$17,232,536	\$19,828,855	\$20,525,840
TOTAL EXPENSES	\$176,937,684	\$192,193,552	\$202,505,210
Current Year Over/(Underrecovery)	(\$2,375,203)	(\$2,922,662)	\$638,010
Reserve	\$23,803,500	\$20,880,838	\$21,518,848