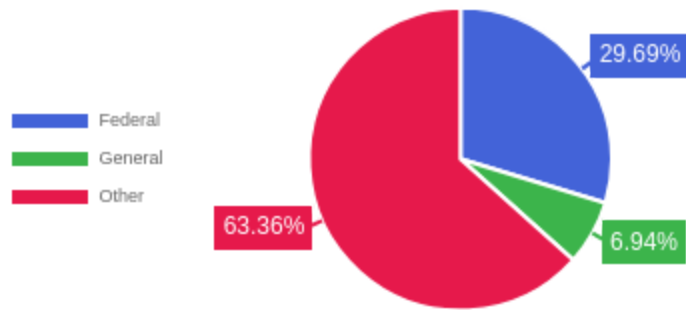


# Governor's Office of Economic Development

## Fiscal Year 2026 Budget Brief Summary

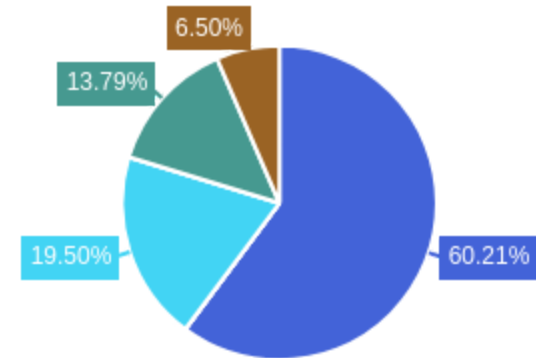
Information contained in this document is based on the Governor's FY2026 Budget and may not correspond with the final budget adopted by the Legislature.

### Source of Funds



Gov Office of Economic Development  
Local Infrastructure Improvement  
SD Housing Opportunity  
Workforce Education

### Distribution of General Funds



### Key Personnel

- Joe Fiala, Commissioner
- Jesse Fonkert, Deputy Commissioner
- Mike Headley, Executive Director, Science and Tech. Authority

- Jack Valentine, Finance Director
- Chas Olson, Executive Director, Housing Development Authority.
- Scott Landguth, Executive Director, Ellsworth Development Authority

### Mission of the Governor's Office of Economic Development

GOED drives the economic development environment that ensures the next generation can succeed in South Dakota.

## Governor's Office of Economic Development Budget Units

- Gov Office of Economic Development (01051)
- SD Housing Development Authority - Info (01053)
- SD Science and Tech Authority - Info (01054)
- SD Ellsworth Development Authority- Info (01056)
- REDI Grants (010571)
- Local Infrastructure Improvement (010572)
- Economic Development Partnership (010573)
- SD Housing Opportunity (010574)
- Workforce Education (010575)

## Major Items Summary - Governor's Office of Economic Development

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2026 Base Budget</b>	<b>\$8,465,972</b>	<b>\$32,069,964</b>	<b>\$68,289,146</b>	<b>\$108,825,082</b>	<b>124.3</b>	<b>\$8,465,972</b>	<b>\$32,069,964</b>	<b>\$68,289,146</b>	<b>\$108,825,082</b>	<b>124.3</b>
1. House Development Authority Contractual Services	\$0	\$40,000	\$160,000	\$200,000	0.0	\$0	\$40,000	\$160,000	\$200,000	0.0
2. Marketing Budget Reduction	\$0	\$0	\$0	\$0	0.0	(\$1,000,000)	\$0	\$0	(\$1,000,000)	0.0
3. Sioux Falls One Stop	\$150,000	\$0	\$0	\$150,000	0.0	\$74,057	\$0	\$0	\$74,057	0.0
4. South Dakota Housing Development Authority Employee Salaries	\$0	\$87,400	\$372,600	\$460,000	0.0	\$0	\$87,400	\$372,600	\$460,000	0.0
5. South Dakota Trade Initiative	\$900,000	\$0	\$0	\$900,000	0.0	\$0	\$0	\$0	\$0	0.0
6. Supply and Governors House Materials Cost Inflation	\$0	\$55,000	\$0	\$55,000	0.0	\$0	\$55,000	\$0	\$55,000	0.0
<b>FY 2026 Total Budget</b>	<b>\$9,515,972</b>	<b>\$32,252,364</b>	<b>\$68,821,746</b>	<b>\$110,590,082</b>	<b>124.3</b>	<b>\$7,540,029</b>	<b>\$32,252,364</b>	<b>\$68,821,746</b>	<b>\$108,614,139</b>	<b>124.3</b>
Change from Base Budget	\$1,050,000	\$182,400	\$532,600	\$1,765,000	0.0	(\$925,943)	\$182,400	\$532,600	(\$210,943)	0.0
% Change from Base Budget	12.4%	0.6%	0.8%	1.6%	0.0%	(10.9%)	0.6%	0.8%	(0.2%)	0.0%

## 1. House Development Authority Contractual Services

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$40,000	\$160,000	\$200,000	0.00
Governor's Recommendation	\$0	\$40,000	\$160,000	\$200,000	0.00

The agency requests an increase of **\$40,000** in **federal funds** and an increase of **\$160,000** in **other fund** expenditure authority for inflationary increases for insurance, office rent, audit services, marketing, and accounting software.

70% of the \$200,000 (or \$140,000) is inflationary (insurance, audit, office expense, software maintenance) \$60,000 was added to the agency's marketing budget.

- The Authority paid \$1.6 million in insurance costs – increases each year are usually 5%-10%.
- Office rent – Interest on bonds (that financed the building) have increased the last couple of years.
- Audit cost will go up 5% for FY26.
- Software costs usually increase by 5%-10% each year.

*The governor recommends this request.*

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## 2. Marketing Budget Reduction

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	(\$1,000,000)	\$0	\$0	(\$1,000,000)	0.00

*The governor recommends a decrease of **(\$1,000,000)** in **general funds** for marketing.*

The agency's marketing efforts include marketing to in-state businesses, out-of-state businesses, economic development partners, financing partners, site selection consultants, trade show attendees, and potential workforce, as well as attending trade shows that focus on its targeted industries. The agency has no plans to discontinue any current marketing campaign and will continuously evaluate its marketing efforts.

3. Sioux Falls One Stop

	General	Federal	Other	Total	FTE
Agency Request	\$150,000	\$0	\$0	\$150,000	0.00
Governor's Recommendation	\$74,057	\$0	\$0	\$74,057	0.00

The agency requests an increase of **\$150,000** in **general funds** for increases in office rent for the new Sioux Falls One Stop. The agency will move 23 employees to the Sioux Falls One Stop. These employees are currently working in the Sioux Falls office or are working from home with Sioux Falls as their base location, frequently traveling to Sioux Falls for meetings. The move-in date is set for 05/30/2025.

*The governor recommends an increase of **\$74,057** in **general funds**.*

4. South Dakota Housing Development Authority Employee Salaries

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$87,400	\$372,600	\$460,000	0.00
Governor's Recommendation	\$0	\$87,400	\$372,600	\$460,000	0.00

The agency requests an increase of **\$87,400** in **federal funds** and an increase of **\$372,600** in **other fund** expenditure authority for employee salaries and benefits. \$300,000 for salary increases and \$160,000 for benefits. The increase in salary is for prior year short-falls and current year performance adjustments. The increase in benefits is inflationary.

- Other funds** – Revenues generated from housing programs
- Federal funds** – Federal programs of HUD and US Treasury

The Authority only budgets for the Governor’s recommended increase to salary. The last two years there were salary adjustments in addition to the Governor’s recommendation. The Authority tries to align with what the State does for Salary increases. No additional salary policy increases were requested for FY2026 above and beyond the request to align the Authority’s budget with actual expenditures. However, in most cases staff will receive increases in line with the State increase.

*The governor recommends this request.*

5. South Dakota Trade Initiative

	General	Federal	Other	Total	FTE
Agency Request	\$900,000	\$0	\$0	\$900,000	0.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of \$900,000 in general funds for the South Dakota Trade Initiative.

South Dakota Trade navigates international trade for South Dakota. The association (a 501c(6) public-private partnership) administers South Dakota’s STEP Grant program, conducts export education, facilitates trade missions, and offers free and confidential consulting services to South Dakotan companies. The state has been in partnership with South Dakota Trade since its inception in April 2023. GOED has provided \$700k to date for SD Trade. These state dollars are to fully fund operations of SD Trade along with private support.

At the time of the request, South Dakota Trade:

- Generated a greater than 67x return on investment (ROI) for the inaugural trade mission to Mexico and tracking potential deals exceeding \$10m from the mission to Taiwan (potential 175+x ROI);
- Secured over \$500k in additional funding from over 30+ organizations;
- Facilitated \$5m+ in sales directly attributable to SDT in the inaugural operating year (10x ROI);
- Hosted delegates and foreign buyers from 10+ countries;
- Secured \$375k in federal grants, which to-date have translated into a 28x ROI;
- Delivered continuing education for 70+ business professionals; and
- Provided 400+ hours of free and confidential consulting directly to small businesses.

The governor does not recommend this request.

6. Supply and Governors House Materials Cost Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$55,000	\$0	\$55,000	0.00
Governor's Recommendation	\$0	\$55,000	\$0	\$55,000	0.00

The agency requests an increase of \$5,000 in federal funds and an increase of \$50,000 in other funds for increased supplies costs, and Governors House materials costs for the SDHDA. The \$5,000 of federal authority is for increased costs of office equipment in the Pierre office and the other \$50,000 is for inflationary costs of building materials for the Governor’s House program.

The governor recommends this request.

Governor's Office of Economic Development 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	\$11,367,837	\$8,045,170	\$8,370,621	\$8,465,972	\$9,515,972	\$7,540,029	(\$925,943)
Federal	\$7,913,953	\$12,967,124	\$13,202,601	\$32,069,964	\$32,252,364	\$32,252,364	\$182,400
Other	\$32,930,731	\$59,597,324	\$71,530,559	\$68,289,146	\$68,821,746	\$68,821,746	\$532,600
<b>Total</b>	<b>\$52,212,521</b>	<b>\$80,609,618</b>	<b>\$93,103,781</b>	<b>\$108,825,082</b>	<b>\$110,590,082</b>	<b>\$108,614,139</b>	<b>(\$210,943)</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
Gov Office of Economic Development	\$30,237,199	\$44,664,529	\$55,992,658	\$74,948,991	\$75,998,991	\$74,023,048	(\$925,943)
SD Housing Development Authority - Info	\$11,831,884	\$20,021,215	\$20,210,968	\$21,481,049	\$22,196,049	\$22,196,049	\$715,000
SD Science and Tech Authority - Info	\$2,202,177	\$2,475,710	\$6,862,297	\$2,360,959	\$2,360,959	\$2,360,959	\$0
SD Ellsworth Development Authority-Info	\$597,172	\$702,248	\$847,450	\$847,475	\$847,475	\$847,475	\$0
REDI Grants	\$31,107	\$0	\$1,626,608	\$1,626,608	\$1,626,608	\$1,626,608	\$0
Local Infrastructure Improvement	\$2,697,213	\$2,943,797	\$2,943,800	\$2,940,000	\$2,940,000	\$2,940,000	\$0
Economic Development Partnership	\$221,021	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$0
SD Housing Opportunity	\$3,904,749	\$3,791,878	\$4,080,000	\$4,080,000	\$4,080,000	\$4,080,000	\$0
Workforce Education	\$490,000	\$490,000	\$490,000	\$490,000	\$490,000	\$490,000	\$0
<b>Total</b>	<b>\$52,212,521</b>	<b>\$75,089,376</b>	<b>\$93,103,781</b>	<b>\$108,825,082</b>	<b>\$110,590,082</b>	<b>\$108,614,139</b>	<b>(\$210,943)</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>\$9,851,619</b>	<b>\$11,316,150</b>	<b>\$11,726,134</b>	<b>\$12,941,727</b>	<b>\$13,401,727</b>	<b>\$13,401,727</b>	<b>\$460,000</b>
Salaries	\$7,300,870	\$8,456,545	\$8,744,047	\$9,591,587	\$9,891,587	\$9,891,587	\$300,000
Benefits	\$2,550,749	\$2,859,606	\$2,982,087	\$3,350,140	\$3,510,140	\$3,510,140	\$160,000
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>\$42,360,902</b>	<b>\$69,293,468</b>	<b>\$81,377,647</b>	<b>\$95,883,355</b>	<b>\$97,188,355</b>	<b>\$95,212,412</b>	<b>(\$670,943)</b>
Travel	\$688,031	\$920,985	\$1,076,449	\$1,126,977	\$1,126,977	\$1,126,977	\$0
Contractual Services	\$11,423,679	\$16,166,301	\$7,501,328	\$9,890,726	\$10,240,726	\$9,164,783	(\$725,943)
Supplies	\$2,113,225	\$5,884,866	\$8,742,452	\$9,084,421	\$9,139,421	\$9,139,421	\$55,000
Grants	\$24,819,728	\$28,426,731	\$60,118,941	\$71,842,754	\$72,742,754	\$71,842,754	\$0
Capital Outlay	\$316,239	\$302,015	\$305,327	\$305,327	\$305,327	\$305,327	\$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
Other Expenses and Budgeted Operating Transfers Out	\$3,000,000	\$17,592,569	\$3,633,150	\$3,633,150	\$3,633,150	\$3,633,150	\$0
<b>Total</b>	<b>\$52,212,521</b>	<b>\$80,609,618</b>	<b>\$93,103,781</b>	<b>\$108,825,082</b>	<b>\$110,590,082</b>	<b>\$108,614,139</b>	<b>(\$210,943)</b>
<b>Full-Time Equivalent (FTE)</b>	<b>99.9</b>	<b>114.54</b>	<b>118.6</b>	<b>124.3</b>	<b>124.3</b>	<b>124.3</b>	<b>0.00</b>

## Funding Sources (Governor's Recommended)

	General	Federal	Other	General%	Federal%	Other%
GOVERNOR'S OFFICE FEDERAL FUNDS	\$0	\$22,130,095	\$0	0.0%	68.6%	0.0%
STATE SMALL BUSINESS CREDIT IN	\$0	\$141,281	\$0	0.0%	0.4%	0.0%
BROADBAND EQUITY ACCESS AND DE	\$0	\$633,222	\$0	0.0%	2.0%	0.0%
STATE DIGITAL EQUITY PLANNING	\$0	\$492,705	\$0	0.0%	1.5%	0.0%
ECONOMIC DEVELOPMENT & INITIAT	\$0	\$0	\$2,619,390	0.0%	0.0%	3.8%
RESEARCH PROOF-OF-CONCEPT FUND	\$0	\$0	\$500,000	0.0%	0.0%	0.7%
COMMUNITY DEVELOPMENT BLOCK GR	\$0	\$8,278,889	\$0	0.0%	25.7%	0.0%
STATE ENERGY PROGRAM	\$0	\$576,172	\$0	0.0%	1.8%	0.0%
STRIPPER GRANT	\$0	\$0	\$1,296,200	0.0%	0.0%	1.9%
ENERGY CONSERVATION LOAN FUND	\$0	\$0	\$72,812	0.0%	0.0%	0.1%
EMPLOYER'S INVESTMENT IN SD FU	\$0	\$0	\$35,420,919	0.0%	0.0%	51.5%
RURAL REHABILITATION	\$0	\$0	\$499,429	0.0%	0.0%	0.7%
HOUSING DEVELOPMENT AUTHORITY	\$0	\$0	\$19,017,954	0.0%	0.0%	27.6%
SCIENCE & TECHNOLOGY AUTHORITY (STA)	\$0	\$0	\$2,360,959	0.0%	0.0%	3.4%
SD ELLSWORTH DEVELOPMENT AUTHORITY	\$0	\$0	\$847,475	0.0%	0.0%	1.2%
BUILDING SOUTH DAKOTA FUND	\$0	\$0	\$1,626,608	0.0%	0.0%	2.4%
BUILDING SOUTH DAKOTA FUND	\$0	\$0	\$1,470,000	0.0%	0.0%	2.1%
BUILDING SOUTH DAKOTA FUND	\$0	\$0	\$50,000	0.0%	0.0%	0.1%
BUILDING SOUTH DAKOTA FUND	\$0	\$0	\$3,040,000	0.0%	0.0%	4.4%
STATE GENERAL FUND	\$7,540,029	\$0	\$0	100.0%	0.0%	0.0%

**Governor's Recommended FY25 Emergency Special Appropriation Bills**

None at this time.