

FY 2026 Budget Presentation

January 28, 2025

Joint Committee on Appropriations

Pierre, SD



**SOUTH
DAKOTA
DEPARTMENT
of
AGRICULTURE
and NATURAL
RESOURCES**

Presentation Outline

- DANR Overview
- Updates
 - American Rescue Plan Act (ARPA) Funding
 - Riparian Buffer Initiative (RBI)
 - Black Hills National Forest
 - State Fair
- Budget
 - Funding Sources
 - Budget Adjustments
 - Special Appropriations
- Efficiency
- IT Projects
- Workforce Summary
- Outlook
- Questions



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DANR Mission & Vision

- **Mission** – To protect and preserve South Dakota's agriculture, environment, and natural resources through effective regulatory services, natural resource conservation, and financial and technical assistance
- **Vision** – A South Dakota with a prosperous economy, diverse agricultural opportunities, clean air, clean water, and healthy families

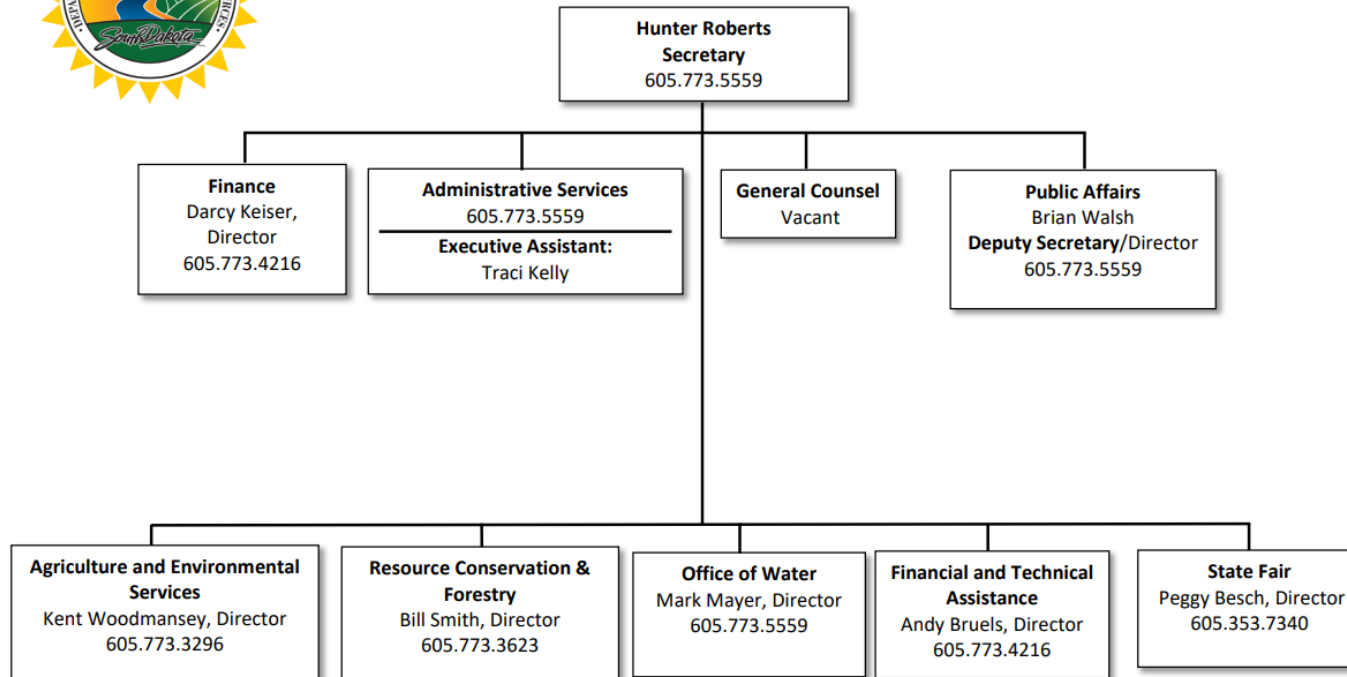


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DANR Overview



SOUTH DAKOTA DEPARTMENT of AGRICULTURE and NATURAL RESOURCES



To Protect and Preserve South Dakota's agriculture, environment, and natural resources through effective regulatory services, natural resource conservation, and financial and technical assistance.



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DANR Overview – Office of the Secretary

Office of the Secretary – Hunter Roberts, Secretary / Brian Walsh, Deputy Secretary

Deputy Secretary/ Public Affairs	Brian Walsh	Deputy Secretary	Policy, Mediation, Boards and Commissions, Media Relations, Special Projects	General / Federal / Other
Finance	Darcy Keiser	Director	DANR Budget, Finances, Travel	General / Federal / Other
General Counsel	Vacant		Legal Services	



DANR Overview – Agriculture and Environmental Services

Agriculture and Environmental Services – Kent Woodmansey P.E., Director

Air Quality	Kyrik Rombough, P.E.	Program Administrator	Air Quality Permitting, Air Monitoring, Radon, Volkswagen Trust	General / Federal / Other
Livestock Services	Troy Roth, P.E.	Program Administrator	CAFO Permitting, Dairy and Eggs, Septic Systems	General / Federal / Other
Waste Management	Jim Wendte, P.E.	Program Administrator	Solid Waste, Hazardous Waste, Recycling, Asbestos, Pesticide Container and Waste Collection	General / Federal / Other
Inspection, Compliance, and Remediation	Terry Florentz, P.E.	Program Administrator	Spills, Tanks, Pesticide Regulations, Certification and Training, Product Registration, Hemp, Fertilizer/Soil Amendment, Feed/Animal Remedy, Rodent Control Bait, SARA Title III, Brownfields	General / Federal / Other
Minerals, Mining, and Superfund	Mike Lees	Program Administrator	Mining Permits, Mineral Exploration, Superfund, Oil and Gas, Sand and Gravel	General / Federal / Other

DANR Overview – Resource Conservation and Forestry

Resource Conservation and Forestry – Bill Smith, Director

Forestry	Marcus Warnke	State Forester	Forest and Tree Health, Forest Management, State Forest Action Plan, Windbreaks, Urban and Community Forestry Program	General / Federal / Other
Conservation and Watershed Protection	Paul Lorenzen	Program Administrator	Conservation District Funding, Coordinated Plan for Natural Resources, Soil Health, Waterbody Assessment, Section 319, TMDLs, Harmful Algal Blooms, RBI	Federal / General
Plant Industry	Brenda Sievers	Program Manager	Seed, Nursery, Cooperative Agriculture Pest Survey (CAPS), Weed & Pest Program, Weed & Pest Control Commission, State Weed Grants thru Commission, Bio Control, Quarantine, Export, Apiary (honeybees)	General / Federal / Other

DANR Overview – Office of Water

Office of Water – Mark Mayer, P.E., Director				
Drinking Water	Mark McIntire, P.E.	Program Administrator	Drinking Water Standards, Operator Certification, Source Water and Wellhead Protection	General / Federal / Other
Water Quality	Aaron Ward	Program Administrator	Water Quality Standards, Discharge Permits, Stormwater	General / Federal / Other
Water Rights	Eric Gronlund, P.E.	Program Administrator, Chief Engineer	Water Right Permits, Safety of Dams, Well Construction	General / Federal / Other

DANR Overview – Financial & Technical Assistance & State Fair

Financial and Technical Assistance – Andy Bruels P.E., Director				
Environmental Funding	Tina McFarling, P.E.	Program Administrator	Funding for Water, Wastewater, Solid Waste, Recycling, Watershed Restoration, Petroleum Release Compensation Fund	Federal / Other
Geological Survey	Tim Cowman	Program Administrator, State Geologist	Natural Resources Assessment and Investigation, Aquifer Delineations, Geologic Mapping, Oil and Gas Initiative	General / Federal / Other

South Dakota State Fair – Peggy Besch, State Fairgrounds Manager				
South Dakota State Fair	Candi Briley	Assistant Manager	State Fair, State Fairgrounds, Non-fair Events, the DEX	General / Other

Updates – ARPA Funding

- In 2022, the legislature enacted SB 62, appropriating \$600 million of ARPA funds to provide grants for eligible infrastructure projects
- In 2024, the legislature enacted SB 53 appropriating \$89,384,221 of additional ARPA funds to provide grants for eligible infrastructure projects
- Currently all funds are awarded to 200 projects. These projects received nearly \$1 billion in low-interest loans to complete the funding package
- Through January 10, 2025, more than \$403.6 million of ARPA grant funds have been expended



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Updates - RBI

- HB 1256 (2021) – Appropriated \$3,000,000 in general funds for restoration of the Big Sioux River
- Developed the Riparian Buffer Initiative (RBI) – initial efforts to enroll landowners were slow
- New Approach – Fall 2023:
 - Increased RBI payments (250% of NASS rental rate)
 - Additional incentive on top of RBI for CRP/CREP (120% of CRP rental rate)
 - Cost sharing for the construction of animal waste management systems to prevent runoff
 - Direct landowner outreach



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Updates – RBI- Big Sioux River Watershed

Big Sioux River Watershed Riparian Buffers

- Currently 39 RBI contracts in place = 653.12 acres (234,960 linear feet)
 - Investment = \$1,275,752
- Signups in development:
 - 26 new signups in development (acreage and cost available for 20 projects)
 - Those 20 projects in development cover approximately 770.64 acres (285,696 linear feet) in the Big Sioux River watershed
 - Estimated investment = \$1,715,200

As of December 31, 2024



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Updates – RBI Statewide

Statewide Riparian Buffers

- Currently 12 RBI contracts in place = 656.50 acres (241,368 linear feet)
 - Investment = \$1,155,092.01
- Signups in development:
 - 21 new signups in development (acreage and cost available for 19 projects)
 - Those 19 projects in development cover approximately 1,599 acres (610,600 linear feet) statewide
 - Estimated investment = \$2,610,035

As of December 31, 2024



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Updates – Black Hills National Forest

- The Black Hills National Forest is nearly two years into their Land & Resource Management Plan (LRMP) revision
- Current timber harvest projections from the Black Hills for 2025 will likely result in additional sawmill closures, further limiting the ability to manage forest resources on the National Forest
- This is an ongoing issue – DANR will continue to work with local and federal partners to advocate for science-based forest management practices



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Updates – State Fair Budget

- Operating Expenditures:
 - FY 2023 Actual = \$3,848,231
 - FY 2024 Actual = \$4,260,730
- Key Revenues:

	Actual FY 2023	Actual FY 2024
Gate Admissions	\$450,977	\$528,461
Grandstand Attractions	\$753,343	\$826,287
Carnival	\$255,898	\$227,015
Concessions / Vendor Rent	\$345,736	\$345,646
Camping	\$340,202	\$343,180
Gross Sales per Attendee	\$14.85	\$15.22



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Updates – DEX

- DEX Operations January – December 2024
 - Revenues:
 - State Fair = \$ 54,510.27
 - Events = \$302,662.27
 - \$357,172.54**
 - Expenses:
 - State Fair = \$ 41,731.88
 - Non-Event = \$115,381.60
 - Events = \$ 74,351.27
 - Building = \$118,922.56
 - \$350,387.31**



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Update - The SHED

- HB 1231 (2024) provided \$4 million in general funds and \$4 million in other fund expenditure authority to design and construct The SHED at the State Fair.
- The SHED will allow for Open Class Sheep shows during the fair and serve as a multi-purpose facility during the non-fair time.
- Timeline:
 - Construction began in October 2024.
 - The anticipated completion date is July 2025 – ready for use at the 2025 State Fair.



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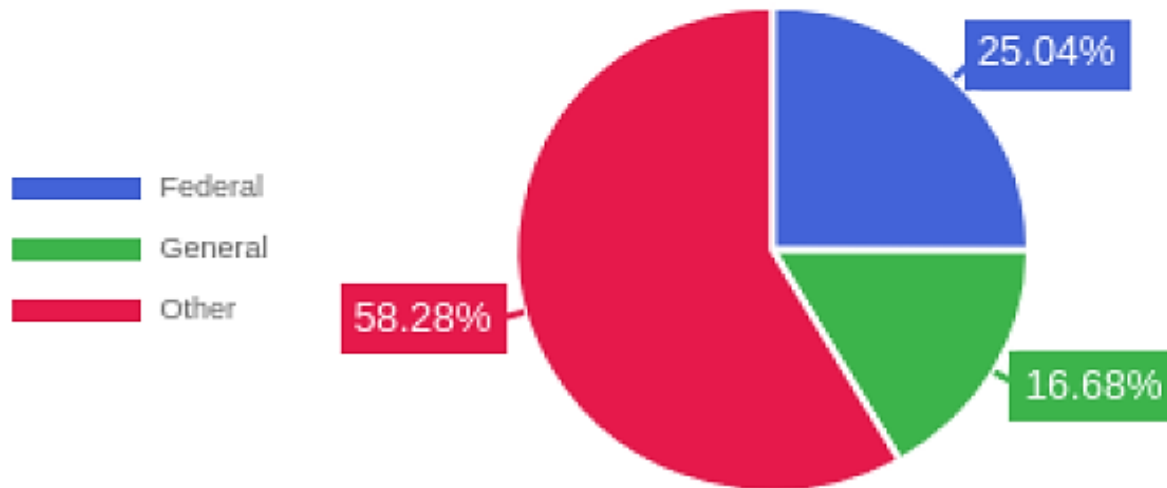
Update- The SHED



DANR Source of Funds - Fiscal Year 2026

DANR Funding Sources with Boards and Commissions
Total Budget = \$97,762,858

Source of Funds



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Budget Adjustments

Boards and Commissions Budget Adjustments				
Bond/Lease Payment Adjustments	\$3,350,000	0 FTE	Other Funds	Paying off the remainder of the Animal Disease Research and Diagnostic Laboratory (ADRDL)
American Dairy Association	\$101,315	0 FTE	Other Funds	Adjustments made to match Association's approved budget
Wheat Commission	\$430,701	0 FTE	Other Funds	Adjustments made to match Commission's approved budget
Oilseeds Council	\$80,000	0 FTE	Other Funds	Adjustments made to match Council's approved budget
Soybean Research & Promo Council	\$1,500,641	0 FTE	Other Funds	Adjustments made to match Council's approved budget
Brand Board	\$188,587	0 FTE	Other Funds	Adjustments made to match Board's approved budget
Corn Utilization Council	\$1,135,131	0 FTE	Other Funds	Adjustments made to match Council's approved budget
Pulse Crops Council	\$3,858	0 FTE	Other Funds	Adjustments made to match Council's approved budget

Budget Adjustments

DANR				
Division	General	Federal	Other	
Office of Secretary	\$125,000	\$409,115	\$100,000	General - eliminate position Federal - BIL Grants and Movement Other - General Admin Expenses
Agriculture and Environmental Services	\$379,444	\$814,413	\$700,000	General - eliminate position, CAFO fee, Sioux Falls One Stop Federal - BIL Grants, Sioux Falls One Stop Other - CAFO, Sioux Falls One Stop, General Admin Expenses
Resource Conservation and Forestry	\$30,289	\$1,293,714	\$50,000	General - Sioux Falls One Stop Federal - BIL Grants and Sioux Falls One Stop Other - Sioux Falls One Stop and General Admin Expenses
State Fair	None	None	\$150,000	Other - General Admin Expenses
Division of Financial and Technical Assistance	None	None	None	
Office of Water	None	\$2,831,569	\$200,000	Federal - BIL Grants Other - General Admin Expenses

FY26 Special Appropriations – Omnibus Water Funding (SB 33)

	<u>Solid Waste</u>	<u>Water</u>
State Water Resources Management System		
Dakota Mainstem Regional Water Study		\$1,000,000
Water Investment in Northern South Dakota project		\$2,000,000
Consolidated Program		\$12,000,000
Solid Waste Management Program	\$ 2,500,000	
TOTAL WEF APPROPRIATIONS	\$ 2,500,000	\$15,000,000

State Revolving Fund (SRF) Administrative Surcharge Fees		
Clean Water SRF Water Quality Grants		\$200,000
Clean Water SRF Application and Administration		\$300,000
Drinking Water SRF Application and Administration		\$300,000
Federal Funds		
Drinking Water Technical Assistance		\$300,000
Clean Water Technical Assistance		\$100,000
Drinking Water Grants for Emerging Contaminants		\$30,000,000
TOTAL OMNIBUS BILL APPROPRIATIONS		\$48,700,000

FY26 Special Appropriations – CAFO Fee Bill (HB 1021)

- CAFO fees have not changed since 1997, and current fees only cover approximately 5% of the program costs
- The existing fee is not sufficient to maintain program services due to the significant increase in the number, size, and complexity of operations:
 - 1997 – 15 permitted operations;
 - 2023 there were **436**
 - 1997 – 56,930 permitted animals;
 - 2023 there were **9,834,800**
- The fee increase is necessary to maintain an efficient and effective state CAFO permitting program to protect and preserve our environment and natural resources while allowing for continued, responsible growth of our animal ag industry.



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Providing Effective and Efficient Services

Through Program Management:

- Integrating the Conservation Team into the Watershed Protection Program
- Integrating the Spills and Pesticides teams into the Inspection, Compliance and Remediation Program
- Integrating the Pesticide Container Recycling team into the Waste Management team
- Combining the CAFO Permitting Program and Dairy Program into the Livestock Services Program
- Adding the Superfund Team into the Minerals and Mining Program

Benefits:

- Take advantage of overlapping partners and goals
- Improved internal communications
- Improved constituent services
- Cross-train inspectors
- Reduce/remove agency silos
- Allows for a coordinated response to pesticide spills
- Consolidates recycling activities



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Providing Effective and Efficient Services

- Through Technology:
 - Develop electronic inspections forms – Tank Program
 - Electronic submittal, processing, and document management for plans and specifications
 - Develop electronic fee payment systems
 - Develop online, GIS-driven information databases
 - State Fair
 - Added self-serve gate admission kiosks
 - Promoting online ticket sales
 - Transition to electronic communication with vendors
 - Online camping reservation renewals
- Benefits:
 - Reduce staff time and minimize transcription errors on inspection forms
 - Reduce printing and mailing costs
 - Provide customers with direct access to data – reduce staff time on data requests
 - Provide options for state fair guests – reduce gate staffing needs

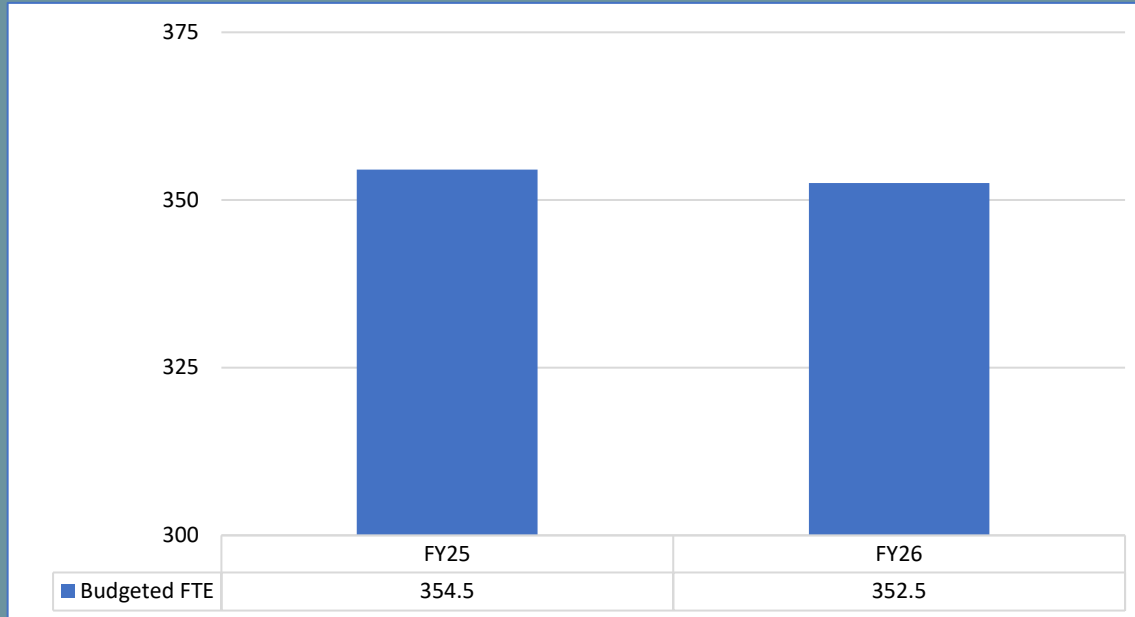


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IT Projects

Project Name	Description	Vendor	Est. Cost	Project Status
CAFO Database	Provide electronic submission of application forms and reports and meet EPA's required reporting requirements	Outside Vendor	\$275,000 - \$350,000 (federal and fees)	Planning phase
Checkoff Database	Rebuild and modernize the unified checkoff database	Outside Vendor	\$150,000 (other)	Requesting Proposals
Water Rights Database	Rebuild Water Rights and Water Use reporting databases	Outside Vendor	\$250,000 - \$300,000 (other)	Planning phase
Drinking Water Database	Rebuild and modernize the drinking water program database	Outside Vendor	\$500,000 (federal)	Waiting on EPA to finalize the system SD will report to.
Water Quality Database	Build internal and external reporting capacity and improve database function to meet Water Quality and Watershed program needs	KISTERS Inc.	\$298,221 (federal)	In-process

DANR FTE Summary



Budgeted FTE includes Boards and Commissions

- FTE Changes
 - -1 Director
 - -1 Program Assistant



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DANR Workforce Summary



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Workforce	
FY23 Unutilized FTE	46.53
FY25 Unutilized FTE	37.71
FY23 Turnover Rate	8.74%
Average employee age	48.59
Employees eligible to retire now	9.3%
Employees eligible to retire in the next 5 years	17.5%
Employees eligible to retire in the next 10 years	24.9%
Long-term vacant positions (over 180-days)	13*
2024 (Calendar Year) Overtime Use	3,118 hours

Most pressing workforce issue is attracting qualified applicants to apply

* 5 positions interviewing or offered

DANR Interns

- In 2024 DANR employed 23 interns (engineers, scientists, foresters, ag specialists)
- DANR views internships as long-term job interviews and encourages interns to apply for open, full-time positions
- When possible and appropriate, DANR offers interns full-time positions upon graduation – this approach has had limited success as interns are often unwilling to commit to a job so far ahead of graduation
- Since 2017, DANR has hired 16 interns and seasonals into full-time positions



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Outlook

- DANR will continue to protect and preserve South Dakota agriculture, environment, and natural resources
- There will be challenges:
 - Workforce
 - Managing inflationary increases
- And opportunities:
 - Building The SHED
 - Working with a new Federal Administration
 - International Trade
 - Continued growth and development of South Dakota's number one industry – Agriculture!
- No matter what the future holds – DANR will continue to be a mission driven agency working towards a South Dakota with a prosperous economy, diverse agricultural opportunities, clean air, clean water, and healthy families!



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Questions?



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