



State of South Dakota

Capital Projects Fund

2026 Performance Report

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Program Information

	Workforce Development and Education Center	NSU Lincoln Hall Renovation/Expansion	BHSU West River Nursing Renovation/Expansion
Approved Program Plan Number	CPF_GP-000120	CPF_GP-000209	CPF_GP-000210
Program Start Date	August 1, 2022	October 1, 2022	March 1, 2023
Program End Date	December 31, 2026	December 31, 2026	December 31, 2026
Actual CPF funds allocated to this Program	\$77,515,000	\$29,500,000	\$8,000,000

Executive Summary

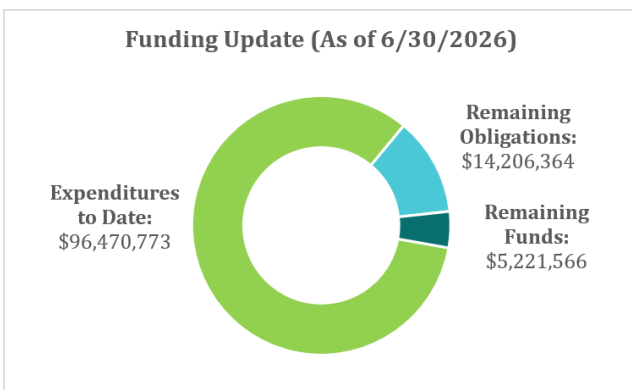
The State of South Dakota (State) was allocated \$115.9 million from the American Rescue Plan Act (ARPA) Coronavirus Capital Projects Fund (CPF) to support critical capital projects that enable work, education, and health monitoring in response to the COVID-19 public health emergency. To address these focus areas, the State chose to pursue several Multi-purpose Community Facilities projects.

In 2022, the South Dakota Legislature appropriated CPF dollars to three Multi-purpose Community Facility projects. The approved projects included the construction of the South Dakota Department of Health's (SDDOH) Workforce Development and Education Center, the renovation and expansion of Northern State University's (NSU) Lincoln Hall, and an addition to an existing Black Hills State University (BHSU) - Rapid City Health Science Center facility. Each of these projects will assist historically underserved communities in South Dakota with better access to work, education, and health monitoring. Additionally, the Women's Prison Healthcare Improvements project was also appropriated \$5,750,000 in CPF dollars during the 2022 legislative session. However, in the subsequent 2024 legislative session, those funds were reallocated to the Workforce Development and Education Center project.

During the July 1st, 2025 – June 30th, 2026, reporting period, the State made significant progress on three key projects aimed at enhancing workforce development, education, and health services. These projects collectively advanced their missions by completing essential construction tasks, implementing new services, and addressing critical needs in education and healthcare. Despite facing challenges such as relocating personnel to different spaces and consolidating service provision into the new facilities, the projects made sizeable progress towards completion. The outcomes achieved during this period reflect the State's commitment to improving the quality of life for its residents and fostering sustainable growth.

Uses of Funds

The State is using CPF to support an infrastructure investment that meets the needs of South Dakotans. To maximize impact, South Dakota is prioritizing projects that foster long-term impact via investments in work, education, and health monitoring.



Total Possible Award: \$115,898,703

Remaining Obligations: Funds that have been obligated via contract or grant by a program but are not spent yet.

Remaining Funds: Funds related to projects that are approved for use by U.S. Treasury but are not yet obligated or spent by the program.

Expenditures to Date: Total award expenditures to date as shown in the general ledger.

a. *Workforce Development and Education Center*



The South Dakota Department of Health is advancing its mission to enhance workforce development, education, and health monitoring for all residents through the construction of a new Department of Health Workforce Development and Education Center. This \$84.7 million project includes \$77.5 million in CPF funds, with the remaining funded by non-federal funding sources.

The new facility aims to bolster public health services across South Dakota, particularly benefiting at-risk populations by providing equitable access to advanced testing services and digital health resources. By incorporating cutting-edge technology, the center will facilitate the delivery of direct public health services statewide, including the implementation of telehealth services for women, infants, and children. Additionally, the expansion of digital tools like Qualtrics will enable more effective health monitoring and engagement with residents, ensuring they receive timely health notifications and support.

During the reporting period, construction activities remained the State's primary focus. Most notably, laboratory operations were successfully relocated from the previous facility into the newly constructed public health laboratory, marking a major step forward in the project's timeline. Following the move, demolition and rehabilitation activities commenced at the former laboratory site and remain underway. The State intends to begin using the new space to serve members of the public before the end of December 2026.

The relocation of an active public health laboratory presented a significant operational and logistical challenge, requiring the transfer of personnel, equipment, and critical testing

functions while maintaining continuity of services. Through careful planning and coordination, laboratory staff completed the transition with minimal disruption to the agencies, healthcare providers, and communities that rely on the laboratory's services. Looking ahead to the next reporting period, the Department of Health will prioritize developing and implementing plans for the project's community-facing functions.

b. NSU Lincoln Hall Renovation/Expansion



Northern State University (NSU) successfully completed the Business and Health Innovation Center (BHIC), replacing Lincoln Hall with a state-of-the-art academic facility that strengthens workforce and economic development in South Dakota. The \$31 million project was funded through a combination of \$29.5 million in federal Capital Projects Fund resources and a \$1.5 million State appropriation.

The Business and Health Innovation Center serves as the home of NSU's School of Business, the Bachelor of Science in Nursing program, and the Northern Innovation & Startup Center. The facility features collaborative classrooms, advanced instructional technology, flexible learning environments, and the Avera Nursing Simulation Center, providing students with immersive, hands-on experiences that prepare them for careers in high-demand business and healthcare professions. The facility has become a catalyst for innovation, entrepreneurship, and workforce development through expanded partnerships with healthcare providers, regional employers, and economic development organizations.

The Business and Health Innovation Center opened for the Spring 2026 semester and was formally dedicated during a public ribbon-cutting ceremony on April 30, 2026. The University successfully transitioned academic programs into the facility, allowing students and faculty to begin utilizing the building as planned. While the facility is fully operational and serving its intended purpose, final project activities—including exterior landscaping, punch-list items, and administrative closeout—remain underway. Full project completion is anticipated by December 2026.

BHSU West River Nursing Renovation/Expansion



Black Hills State University renovated and expanded its Rapid City location (BHSU-Rapid City) to house the West River Health Science Center and consolidate all South Dakota Board of Regents (SDBOR) nursing education in western South Dakota into one site. This \$16.6 million project included \$8 million funded by CPF, with the remaining funded by non-federal funding sources such as private donations, State of South Dakota General Funds, and SDBOR's Higher Education Facilities Fund bonds.

Major milestones achieved include completion of the facility addition and renovation project and full operational use of the building beginning with the Fall 2025 semester. The completed project includes a significant renovation of the existing BHSU–Rapid City facility and approximately 30,000 square feet of new construction designed to increase instructional capacity, expand testing and student-support services, and accommodate larger nursing cohorts. This resulted in an increase in educational capacity for health sciences and nursing students across western South Dakota. The facility supports the expansion of nursing cohorts, consolidates instruction previously delivered across multiple locations, and strengthens the healthcare workforce pipeline serving the region. The completed facility provides modern classrooms, enhanced student services, dedicated health sciences instructional space, and a collaborative environment for BHSU, South Dakota State University (SDSU), and healthcare partners.

One notable challenge throughout project implementation was coordinating the transition of nursing programs and educational services from multiple locations into the consolidated facility while minimizing disruptions to students and faculty. These challenges have been addressed, and the facility is now fully operational.

During the next reporting period, project activities will focus on continued facility utilization, enrollment growth, program assessment, and optimization of instructional and student-support spaces. BHSU and its partners will continue evaluating facility performance, monitoring enrollment and retention metrics, and supporting increased nursing and health sciences program participation made possible through the expanded facility. The university also plans to expand its engagement with healthcare employers, secondary schools, community organizations, and regional workforce partners to maximize utilization of the new facility and sustain student enrollment. These activities will ensure long-term realization of the project's workforce-development objectives.

Addressing Critical Needs

The State's prioritization of projects to fund with CPF dollars reflects its experiences during the COVID-19 pandemic and its public health and economic goals moving forward. South Dakota strives to provide services that meet the needs of its residents. The projects selected to use CPF dollars are aimed at addressing the workforce, education, and health monitoring needs of the State while also strategically combating the growing urban-rural divide.

a. *Workforce Development and Education Center*

The Workforce Development and Education Center is designed to promote fair outcomes and address the critical needs of historically underserved and marginalized communities in South Dakota. Central to this initiative is the commitment to serve rural, frontier, and tribal communities, ensuring they have access to remote workforce development opportunities. This approach leverages contemporary technology to bridge the gap for those in remote areas, particularly benefiting South Dakota's American Indian communities. By providing state-of-the-art facilities and remote training capabilities, the project aims to reduce disparities and enhance health access across the state.

To ensure widespread awareness and practical access to these services, SDDOH will engage actively with diverse community partners. These include the nine Sioux Tribes, K-12 schools across 66 counties, higher education institutions, and other traditional and non-traditional partners. This comprehensive engagement is crucial for the development of a State Health Improvement Plan (SHIP), which will outline the critical needs of South Dakota communities. The SHIP will focus on establishing health access baselines, developing evidence-based strategies for health improvement, and reducing barriers to access.

The projected outcomes of the Workforce Development and Education Center are multi-faceted. They include enhanced community engagement and collaboration, a deeper understanding of social determinants of health, and significant growth in South Dakota's public health and clinical workforce. Furthermore, the project aims to improve access to public health services with advanced technology at the SDDOH Workforce Development and Education Center. The SDDOH will implement a range of performance measures established by the State Health Improvement Coalition (SHIC), prioritizing areas such as education, training, workforce development, community engagement, and program sustainability. The lab and public access portions of the building became operational during this reporting cycle, and SDDOH's lab operations have moved into the new facility. As operations continue to ramp up in the new facility, SDDOH will be able to report on various performance measures developed by SHIC.

b. *NSU Lincoln Hall Renovation/Expansion*

The Lincoln Hall project aims to address the critical workforce demands in the fields of business and nursing in Aberdeen and the surrounding regions. The Business and Health Innovation Center addresses critical workforce needs by expanding NSU's capacity to educate the next generation of healthcare professionals, business leaders, innovators, and entrepreneurs.

Across Northeast South Dakota, employers continue to experience workforce shortages in healthcare and business-related occupations. Brown County serves as a regional healthcare hub with two hospitals, multiple long-term care facilities, and numerous rural healthcare providers serving medically underserved communities. Aberdeen, located in Brown County, is recognized as a health professional shortage area and hosts medically underserved communities. The COVID-19 pandemic has exacerbated the challenges in the healthcare workforce, leading to a significant reduction in nursing staff and a shortage of experienced clinicians who can supervise nursing students during their clinical rotations.

The Business and Health Innovation Center also advances economic development through the Northern Innovation & Startup Center. The Center works with innovators, entrepreneurs, nonprofits, and rural communities to launch technology startups, create digital jobs, and diversify the regional economy. Through mentorship, networking, educational programming, workshops, and community partnerships, the Center provides pathways for aspiring entrepreneurs to transform innovative ideas into successful businesses while strengthening the technology ecosystem across northeastern South Dakota. Since opening, the Business and Health Innovation Center has expanded Northern's capacity to educate future nurses and business professionals while strengthening partnerships with healthcare providers, employers, entrepreneurs, and community organizations.

The facility also enhances NSU's ability to prepare students for these careers through modern instructional spaces, collaborative classrooms, and advanced experiential learning environments. The Avera Nursing Simulation Center features high-fidelity patient simulators, skills laboratories, debriefing rooms, active learning classrooms, and virtual reality technology that replicate real-world clinical settings; this allows students to strengthen clinical judgment, critical thinking, decision-making, and technical skills in a safe learning environment while helping alleviate pressure on limited clinical placement opportunities. Graduates enter the workforce better prepared to deliver high-quality patient care and meet the needs of healthcare providers throughout South Dakota.

c. *BHSU West River Nursing Renovation/Expansion*

The West River Nursing project addresses a critical nursing shortage in western South Dakota by expanding educational opportunities for nursing students. Monument Health, the primary healthcare provider in the region, along with other healthcare facilities such as Black Hills Surgical, Veteran's Affairs, Ellsworth Air Force Base, Oyate Health, and several nursing homes, all report a significant need for more nurses. This shortage is particularly critical in Rapid City, located in Pennington County, which is designated as a health professional shortage area for both primary medical and mental healthcare and is home to two medically underserved communities.

To combat these workforce shortage challenges, the BHSU-RC West River Nursing project will increase the university's capacity to educate more nurses. This project will facilitate the expansion of nursing programs and enhance the quality of nursing education through improved facilities and resources. By doing so, the project aims to increase the number of qualified nurses who can serve in various healthcare settings throughout western South Dakota. One of BHSU's strategic goals is also to increase the percentage of Rapid City Area

School students who go on to some form of training after high school by 5% in the upcoming years. BHSU has made a large recruitment push for not only area high school students, but also non-traditional learners, current military service members, and veterans with the objective of getting more community members involved and ultimately increasing the educated workforce in the area.

Students pursuing health sciences and nursing pathways, the healthcare systems, and the surrounding community are the primary beneficiaries of CPF-funded improvements. Success is measured through enrollment growth, utilization of instructional spaces, nursing cohort expansion, retention and completion data, and the increasing availability of qualified healthcare professionals for western South Dakota communities. The project was specifically designed to address documented regional workforce shortages by increasing educational capacity and creating a seamless pathway from BHSU pre-health and applied health sciences programs into SDSU nursing programs. These outcomes are essential for addressing the immediate and long-term healthcare needs of the region, ensuring that more nurses are trained and ready to enter the workforce, thus alleviating the nursing shortage and improving healthcare access for underserved communities.

Labor

For infrastructure and capital expenditures projects, the State of South Dakota is using strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while also supporting the economic recovery through strong employment opportunities for workers. South Dakota is a “right to work” state and does not have prevailing wage and construction laws to follow. Moreover, no CPF project mentioned in this report is utilizing a project labor agreement.

The approved projects are managed by the Bureau of Administration (BOA) which supports strong labor standards by providing prompt, effective, and efficient delivery for high-quality infrastructure projects. Furthermore, the Office of the State Engineer (OSE) within the BOA is coordinating and overseeing all construction-related activities for each of these projects. OSE is committed to ensuring that all CPF-funded projects comply with applicable federal and state laws and regulations. With local hiring, Daily Hazard Analysis, OSHA 30 and OSHA 10 training requirements, as well as offering other training and certifications for specific tasks including but not limited to forklift, aerial lift, skid steer, etc., OSE continuously promotes strong labor standards.

Community Engagement

The community engagement strategies for the Workforce Development and Education Center, Lincoln Hall, and West River Nursing projects are designed to ensure that feedback from communities, organizations, and constituents is incorporated throughout the planning, construction, and implementation phases. By engaging a broad range of partners and leveraging strong partnerships, each project aims to improve workforce development, education, and healthcare services for underserved and marginalized groups in South Dakota. Outreach efforts included both in-person and remote initiatives, prioritizing inclusivity and accessibility. Sustaining community engagement is a key focus, with plans to maintain ongoing dialogues with stakeholders to ensure the projects continue to meet community needs.

a. Workforce Development and Education Center

A dedicated workgroup has been established to design programming and identify required resources to ensure the building can serve the public before the end of December 2026. The workgroup will develop methods for collecting and measuring success of these metrics by creating key performance indicators to evaluate progress. Community engagement planning and sustainability strategies will remain a major component of the workgroup's efforts as the State prepares to activate these public-facing services and establish a framework for ongoing community involvement and long-term program success.

Outreach efforts also occurred alongside targeted engagement with community stakeholders; this included presentations to the Pierre City Council regarding the facility, its planned public uses, and the long-term benefits it will provide to South Dakotans. SDDOH has also planned an opportunity for media outlets to tour the construction site to promote the project's anticipated outcomes. More specifically, SDDOH intends to emphasize how the center will expand employment opportunities, support broader educational efforts, and augment the state's health monitoring capacities.

b. NSU Lincoln Hall Renovation/Expansion

The Business and Health Innovation Center has strengthened Northern State University's engagement with business, healthcare, government, and community partners by providing a collaborative environment designed to support workforce development and regional economic growth. Throughout the project and following the building's opening, the University has hosted federal, state, and local officials, healthcare leaders, business executives, entrepreneurs, educators, alumni, donors, and community members to showcase the facility and discuss strategies for addressing South Dakota's workforce needs.

Community engagement continues through active participation by employers and industry leaders on the School of Business Advisory Board, nursing advisory groups, the NSU Foundation Board of Directors, and other university advisory committees. These partnerships provide ongoing input regarding workforce trends, emerging skill needs, curriculum development, and experiential learning opportunities, helping ensure academic programs remain aligned with employer expectations and regional workforce demands.

The Business and Health Innovation Center has also expanded opportunities for collaboration through the Northern Innovation & Startup Center. The Center serves as a regional resource for entrepreneurs, innovators, nonprofit organizations, and small businesses by providing mentoring, educational programming, networking opportunities, and connections to business development resources. These partnerships strengthen the regional innovation ecosystem while creating opportunities for students to engage with entrepreneurs and employers through internships, applied learning experiences, business consulting projects, and startup activities.

c. BHSU West River Nursing Renovation/Expansion

Community engagement remains a foundational element of the West River Health Sciences Center project. BHSU worked closely with SDSU, Monument Health, regional healthcare providers, and community stakeholders throughout planning and implementation. These

partnerships were established to align educational capacity with workforce needs and ensure that program offerings respond directly to healthcare shortages in western South Dakota.

Outreach efforts included promotion of health sciences educational pathways, coordination with healthcare providers, student recruitment activities, and communication with prospective students throughout western South Dakota. BHSU and its partners emphasized awareness of nursing and health sciences opportunities through existing recruitment channels, educational partnerships, community presentations, and workforce-development initiatives designed to strengthen the healthcare talent pipeline. The university also plans to expand engagement with healthcare employers, secondary schools, community organizations, and regional workforce partners to maximize utilization of the new facility and sustain enrollment growth.

Although no public transportation is currently available at the school, BHSU conducted a student transportation survey and submitted a request to the city to expand its coverage area to include its campus. BHSU also submitted survey information from the John T. Vucurevich Foundation, which is looking at contributing to expanded transportation for those in need. Securing public transportation is a priority the university will continue to work on in the coming years.