

South Dakota Debt Limitation and Management Policy

- BFM required to submit document to Governor per Executive Order 2014-06 by January 10.
- BFM required to release documents for public viewing per SDCL 4-7-51 by January 15.
- Includes the limits, metrics, and tools used to govern the issuance of new debt management of existing debt, and the management of debt service.
- State law limits the total amount of debt that can be issued through the South Dakota Building Authority and South Dakota Health and Educational Facilities Authority. There are also statutory limitations on the amount of debt service payments for debt issued.

Total Debt Statutory Limitation

- Total maximum debt statutory limitation is no more than 1.2% of South Dakota's nominal gross domestic product for the most recently completed calendar year.
- At the end of FY19, total debt was \$418.7M, representing 0.8% of South Dakota's GDP. This is well below the 1.2% limitation (refer to chart on back).
- Looking into FY20 and FY21, the debt issued is estimated to remain at 0.8% the fall to 0.7% of GDP respectively.
- The debt as a percentage of GDP is estimated at 0.7% and 0.6%, respectively, for FY22 and FY23.
- Based on our estimates, there is \$291.5M available debt capacity (4-year average) which allows for consideration of future capital projects.

Total Debt Service Statutory Limitation

- Total maximum debt service cannot exceed 4.0% of total ongoing general fund revenue for the most recently completed state fiscal year.
- At the end of FY19, total debt service payments totaled \$39.1M, representing 2.4% of total ongoing general fund revenue. This is well below the 4.0% limitation.
- Looking into FY20 and FY21, debt service payments are estimated at 2.2% of total ongoing general fund revenue.
- No new debt issuances are anticipated at this time. Based on our estimates, debt service payments will remain below the statutory limitation in FY21 and FY22 at 2.1% and 2.0%, respectively.

South Dakota Debt Limitation and Management Policy Metrics

	Actual		Estimated			
	Fiscal Year End 2018	Fiscal Year End 2019*	Fiscal Year End 2020	Fiscal Year End 2021**	Fiscal Year End 2022	Fiscal Year End 2023
Total SDBA & Voc Ed Program Debt						
South Dakota Building Authority Debt	\$ 283,845,000	\$ 299,420,000	\$ 296,540,000	\$ 276,955,000	\$ 260,525,000	\$ 243,615,000
SDHEFA - Vocational Education Program Debt	122,115,000	119,310,000	115,675,000	112,905,000	110,040,000	107,270,000
Total SDBA & Voc Ed Program Debt	\$ 405,960,000	\$ 418,730,000	\$ 412,215,000	\$ 389,860,000	\$ 370,565,000	\$ 350,885,000
Total Maximum Debt Policy	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022
South Dakota Nominal GDP	\$ 49,738,700,000	\$ 52,014,900,000	\$ 53,575,347,000	\$ 55,182,607,410	\$ 56,838,085,632	\$ 58,543,228,201
Debt as % of Gross State Domestic Product	0.8%	0.8%	0.8%	0.7%	0.7%	0.6%
Total Maximum Debt Capacity (1.2% of Nominal state GDP)						
Total Maximum Debt Limit	\$ 596,864,400	\$ 624,178,800	\$ 642,904,164	\$ 662,191,289	\$ 682,057,028	\$ 702,518,738
Available Debt Capacity	\$ 190,904,400	\$ 205,448,800	\$ 230,689,164	\$ 272,331,289	\$ 311,492,028	\$ 351,633,738
Debt Service Payments	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
SDBA Principal	\$ 14,705,000	\$ 15,255,000	\$ 15,460,000	\$ 15,975,000	\$ 16,430,000	\$ 16,910,000
SDBA Interest & Fees	16,367,767	15,063,865	13,077,778	13,421,888	12,517,198	11,809,784
SDBA Total Debt Service Pmts	31,072,767	30,318,865	28,537,778	29,396,888	28,947,198	28,719,784
SDHEFA (VocEd) - Principal	3,355,000	2,805,000	2,860,000	2,770,000	2,865,000	2,770,000
SDHEFA (VocEd) - Interest and Fees	6,189,126	6,005,956	5,908,973	5,802,154	5,697,578	5,583,534
SDHEFA (VocEd) - Total Debt Service Pmts	9,544,126	8,810,956	8,768,973	8,572,154	8,562,578	8,353,534
Total Debt Service - SDBA/Voc Ed Prgm	\$ 40,616,893	\$ 39,129,821	\$ 37,306,751	\$ 37,969,042	\$ 37,509,776	\$ 37,073,318
Total Maximum Debt Service Policy	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Ongoing General Fund Revenue	\$ 1,593,405,861	\$ 1,641,203,288	\$ 1,695,308,964	\$ 1,723,389,607	\$ 1,765,727,209	\$ 1,818,096,305
Debt Service as % Ongoing GF Revenue	2.5%	2.4%	2.2%	2.2%	2.1%	2.0%
Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)						
Total Maximum Debt Service Payments Limit	\$ 63,736,234	\$ 65,648,132	\$ 67,812,359	\$ 68,935,584	\$ 70,629,088	\$ 72,723,852
Available Debt Service Payments Capacity	\$ 23,119,341	\$ 26,518,311	\$ 30,505,608	\$ 30,966,542	\$ 33,119,312	\$ 35,650,534

* At the end of FY2019, \$5.0 million of the \$418.7 million total debt has been pre-funded, which will be paid in full at future call dates.

** FY2021 includes paying off the Series 2010B bonds in the amount of \$3,610,000 which is not included in the Debt Service Payments as it is prefunded.