

## **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 FY20, total debt was \$412.2M, representing 0.8% of South Dakota's GDP. This is well below the 1.2% limitation (refer to chart on back).
- Looking into FY21 and FY22, 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 0.6% for both FY23 and FY24.
- Based on our estimates, there is \$304.1M 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 FY20, total debt service payments totaled \$37.3M, representing 2.2% of total ongoing general fund revenue. This is well below the 4.0% limitation.
- Looking into FY21 and FY22, debt service payments are estimated at 2.3% and 2.2% of total ongoing general fund revenue respectively.
- No new debt issuances are anticipated at this time. Based on our estimates, debt service payments will remain below the statutory limitation in FY23 and FY24 at 2.1%.

## South Dakota Debt Limitation and Management Policy Metrics

	Actual		Estimated				
	Fiscal Year End 2019	Fiscal Year End 2020*	Fiscal Year End 2021**	Fiscal Year End 2022	Fiscal Year End 2023	Fiscal Year End 2024	
<b>Total SDBA &amp; Voc Ed Program Debt</b>							
South Dakota Building Authority Debt	\$ 299,420,000	\$ 296,540,000	\$ 315,615,000	\$ 296,670,000	\$ 277,225,000	\$ 257,025,000	
SDHEFA - Vocational Education Program Debt	119,310,000	115,675,000	112,905,000	110,040,000	107,270,000	103,475,000	
<b>Total SDBA &amp; Voc Ed Program Debt</b>	<b>\$ 418,730,000</b>	<b>\$ 412,215,000</b>	<b>\$ 428,520,000</b>	<b>\$ 406,710,000</b>	<b>\$ 384,495,000</b>	<b>\$ 360,500,000</b>	
<b>Total Maximum Debt Policy</b>	<b>CY2018</b>	<b>CY2019</b>	<b>CY2020</b>	<b>CY2021</b>	<b>CY2022</b>	<b>CY2023</b>	
South Dakota Nominal GDP	\$ 53,239,000,000	\$ 54,940,925,000	\$ 54,397,168,179	\$ 57,318,296,110	\$ 59,507,855,022	\$ 61,828,661,367	
Debt as % of Gross State Domestic Product	0.8%	0.8%	0.8%	0.7%	0.6%	0.6%	
<b>Total Maximum Debt Capacity (1.2% of Nominal state GDP)</b>							
Total Maximum Debt Limit	\$ 638,868,000	\$ 659,291,100	\$ 652,766,018	\$ 687,819,553	\$ 714,094,260	\$ 741,943,936	
Available Debt Capacity	\$ 220,138,000	\$ 247,076,100	\$ 224,246,018	\$ 281,109,553	\$ 329,599,260	\$ 381,443,936	
<b>Debt Service Payments</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	
SDBA Principal	\$ 15,255,000	\$ 15,460,000	\$ 21,725,000	\$ 18,945,000	\$ 19,445,000	\$ 20,200,000	
SDBA Interest & Fees	15,063,865	13,077,778	11,633,568	11,334,942	10,618,518	9,896,421	
SDBA Total Debt Service Pmts	30,318,865	28,537,778	33,358,568	30,279,942	30,063,518	30,096,421	
SDHEFA (VocEd) - Principal	2,805,000	2,860,000	2,770,000	2,865,000	2,770,000	3,795,000	
SDHEFA (VocEd) - Interest and Fees	6,005,956	5,908,973	5,802,154	5,697,578	5,583,534	5,441,373	
SDHEFA (VocEd) - Total Debt Service Pmts	8,810,956	8,768,973	8,572,154	8,562,578	8,353,534	9,236,373	
<b>Total Debt Service - SDBA/Voc Ed Prgm</b>	<b>\$ 39,129,821</b>	<b>\$ 37,306,751</b>	<b>\$ 41,930,722</b>	<b>\$ 38,842,520</b>	<b>\$ 38,417,052</b>	<b>\$ 39,332,794</b>	
<b>Total Maximum Debt Service Policy</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	
Ongoing General Fund Revenue	\$ 1,641,203,288	\$ 1,699,623,137	\$ 1,804,662,923	\$ 1,803,253,382	\$ 1,843,750,157	\$ 1,896,840,555	
Debt Service as % Ongoing GF Revenue	2.4%	2.2%	2.3%	2.2%	2.1%	2.1%	
<b>Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)</b>							
Total Maximum Debt Service Payments Limit	\$ 65,648,132	\$ 67,984,925	\$ 72,186,517	\$ 72,130,135	\$ 73,750,006	\$ 75,873,622	
Available Debt Service Payments Capacity	\$ 26,518,311	\$ 30,678,174	\$ 30,255,795	\$ 33,287,616	\$ 35,332,954	\$ 36,540,828	

\* At the end of FY2020, \$3.8 million of the \$412.2 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.