

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 FY21, total debt was \$407.5M, representing 0.7% of South Dakota's GDP. This is well below the 1.2% limitation (refer to chart on back).
- Looking into FY22 and FY23, the debt issued is estimated to fall to 0.6% of GDP.
- The debt as a percentage of GDP is estimated at 0.5% for both FY24 and FY25.
- Based on our estimates, there is \$337.0M available debt capacity in FY2022 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 FY21, total debt service payments totaled \$41.9M, representing 2.2% of total ongoing general fund revenue. This is well below the 4.0% limitation.
- Looking into FY22 and FY23, debt service payments are estimated at 1.9% of total ongoing general fund revenue.
- Based on our estimates, debt service payments will remain below the statutory limitation in FY24 and FY25 at 1.9% and 1.8%, respectively.

South Dakota Debt Limitation and Management Policy Metrics

	Actual			Estimated		
	Fiscal Year End 2020*	Fiscal Year End 2021**	Fiscal Year End 2022	Fiscal Year End 2023	Fiscal Year End 2024	Fiscal Year End 2025
Total SDBA & Voc Ed Program Debt						
South Dakota Building Authority Debt	\$ 296,540,000	\$ 315,615,000	\$ 305,615,000	\$ 285,940,000	\$ 265,500,000	\$ 244,405,000
SDHEFA - Vocational Education Program Debt	115,675,000	91,870,000	89,415,000	86,432,000	82,679,000	78,555,000
Total SDBA & Voc Ed Program Debt	\$ 412,215,000	\$ 407,485,000	\$ 395,030,000	\$ 372,372,000	\$ 348,179,000	\$ 322,960,000
Total Maximum Debt Policy						
South Dakota Nominal GDP	\$ 53,939,900,000	\$ 54,789,400,000	\$ 61,001,430,000	\$ 65,070,880,000	\$ 67,810,990,000	\$ 70,998,040,000
Debt as % of Gross State Domestic Product	0.8%	0.7%	0.6%	0.6%	0.5%	0.5%
Total Maximum Debt Capacity (1.2% of Nominal state GDP)						
Total Maximum Debt Limit	\$ 647,278,800	\$ 657,472,800	\$ 732,017,160	\$ 780,850,560	\$ 813,731,880	\$ 851,976,480
Available Debt Capacity	\$ 235,063,800	\$ 249,987,800	\$ 336,987,160	\$ 408,478,560	\$ 465,552,880	\$ 529,016,480
Debt Service Payments						
SDBA Principal	\$ 15,460,000	\$ 21,725,000	\$ 19,075,000	\$ 19,675,000	\$ 20,440,000	\$ 21,095,000
SDBA Interest & Fees	13,077,778	11,633,558	11,477,218	10,994,497	10,263,225	9,581,407
SDBA Total Debt Service Pmts	28,537,778	33,358,558	30,552,218	30,669,497	30,703,225	30,676,407
SDHEFA (VocEd) - Principal	2,860,000	2,770,000	2,455,000	2,983,000	3,753,000	4,124,000
SDHEFA (VocEd) - Interest and Fees	5,908,973	5,802,154	3,793,096	3,481,795	3,361,974	3,223,118
SDHEFA (VocEd) - Total Debt Service Pmts	8,768,973	8,572,154	6,248,096	6,464,795	7,114,974	7,347,118
Total Debt Service - SDBA/Voc Ed Prgm	\$ 37,306,751	\$ 41,930,712	\$ 36,800,314	\$ 37,134,292	\$ 37,818,199	\$ 38,023,525
Total Maximum Debt Service Policy						
Ongoing General Fund Revenue	\$ 1,699,623,137	\$ 1,936,198,459	\$ 1,962,651,970	\$ 1,975,868,924	\$ 2,039,027,011	\$ 2,104,159,204
Debt Service as % Ongoing GF Revenue	2.2%	2.2%	1.9%	1.9%	1.9%	1.8%
Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)						
Total Maximum Debt Service Payments Limit	\$ 67,984,925	\$ 77,447,938	\$ 78,506,079	\$ 79,034,757	\$ 81,561,080	\$ 84,166,368
Available Debt Service Payments Capacity	\$ 30,678,174	\$ 35,517,227	\$ 41,705,765	\$ 41,900,465	\$ 43,742,881	\$ 46,142,843

* At the end of FY2020, \$3.8 million of the \$412.2 million total debt was pre-funded, which will be paid in full at future call dates.

** FY2021 includes paying off the SDBA Series 2010B bonds in the amount of \$3,610,000 and the Voced Series 2010A and 2010B in the amounts of \$14,580,000 and \$6,455,000 which are not included in the Debt Service Payments as they are prefunded.