

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 FY22, total debt was \$396.8M, representing 0.6% of South Dakota's GDP. This is well below the 1.2% limitation (refer to chart on back).
- Looking into FY23 and FY24, the debt issued is estimated to fall to 0.5% of GDP.
- The debt as a percentage of GDP is estimated at 0.4% for both FY25 and FY26.
- Based on our estimates, there is \$442.1M available debt capacity in FY2023 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 FY22, total debt service payments totaled \$36.2M, representing 1.7% of total ongoing general fund revenue. This is well below the 4.0% limitation.
- Debt service payments as a percentage of total ongoing revenue are estimated at 1.6% in FY2023 and 1.7% in FY2024.
- Based on our estimates, debt service payments will remain below the statutory limitation in FY25 and FY26 at 1.7% and 1.6%, respectively.

South Dakota Debt Limitation and Management Policy Metrics

	Actual		Estimated			
	Fiscal Year End 2021*	Fiscal Year End 2022	Fiscal Year End 2023	Fiscal Year End 2024	Fiscal Year End 2025	Fiscal Year End 2026
Total SDBA & Voc Ed Program Debt						
South Dakota Building Authority Debt	\$ 315,615,000	\$ 306,089,000	\$ 286,362,000	\$ 265,869,000	\$ 244,720,000	\$ 223,510,000
SDHEFA - Vocational Education Program Debt	91,870,000	90,750,000	87,604,000	84,125,000	80,278,000	75,768,000
Total SDBA & Voc Ed Program Debt	\$ 407,485,000	\$ 396,839,000	\$ 373,966,000	\$ 349,994,000	\$ 324,998,000	\$ 299,278,000
Total Maximum Debt Policy	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025
South Dakota Nominal GDP	\$ 55,681,220,000	\$ 61,684,700,000	\$ 68,009,440,000	\$ 70,932,020,000	\$ 73,842,030,000	\$ 76,722,350,000
Debt as % of Gross State Domestic Product	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%
Total Maximum Debt Capacity (1.2% of Nominal state GDP)						
Total Maximum Debt Limit	\$ 668,174,640	\$ 740,216,400	\$ 816,113,280	\$ 851,184,240	\$ 886,104,360	\$ 920,668,200
Available Debt Capacity	\$ 260,689,640	\$ 343,377,400	\$ 442,147,280	\$ 501,190,240	\$ 561,106,360	\$ 621,390,200
Debt Service Payments	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
SDBA Principal	\$ 21,725,000	\$ 18,970,000	\$ 19,727,000	\$ 20,493,000	\$ 21,149,000	\$ 21,210,000
SDBA Interest & Fees	11,633,558	10,980,354	\$ 10,657,322	\$ 10,657,322	\$ 9,923,824	\$ 8,679,864
SDBA Total Debt Service Pmts	33,358,558	29,950,354	30,384,322	31,150,322	31,072,824	29,889,864
SDHEFA (VocEd) - Principal	2,770,000	2,455,000	3,146,000	3,479,000	3,847,000	4,510,000
SDHEFA (VocEd) - Interest and Fees	5,802,154	3,793,096	3,266,764	3,266,590	3,131,742	2,971,136
SDHEFA (VocEd) - Total Debt Service Pmts	8,572,154	6,248,096	6,412,764	6,745,590	6,978,742	7,481,136
Total Debt Service - SDBA/Voc Ed Prgm	\$ 41,930,712	\$ 36,198,450	\$ 36,797,086	\$ 37,895,912	\$ 38,051,566	\$ 37,371,000
Total Maximum Debt Service Policy	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Ongoing General Fund Revenue	\$ 1,936,198,459	\$ 2,126,409,366	\$ 2,268,944,292	\$ 2,199,552,276	\$ 2,298,302,037	\$ 2,405,609,837
Debt Service as % Ongoing GF Revenue	2.2%	1.7%	1.6%	1.7%	1.7%	1.6%
Total Maximum Debt Service Capacity (4.0% of Ongoing Total General Fund Revenue)						
Total Maximum Debt Service Payments Limit	\$ 77,447,938	\$ 85,056,375	\$ 90,757,772	\$ 87,982,091	\$ 91,932,081	\$ 96,224,393
Available Debt Service Payments Capacity	\$ 35,517,227	\$ 48,857,925	\$ 53,960,685	\$ 50,086,179	\$ 53,880,516	\$ 58,853,394

* 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.