DEBT SERVICE UPDATE

Thursday, October 12, 2023 | October Board Meeting | Mitchell, SD

South Dakota Board of
Technical Education

LAKE AREA TECH COLLEGE

MITCHELL TECHNICAL COLLEGE

SOUTHEAST Technical College

WESTERN DAKOTA TECH

System's Long-Term Scenario is Healthy

1.03

is the debt service coverage ratio required by administrative rule in 24:59:04:03.

The system must generate **103%** of the revenue necessary to cover annual debt service obligations.

1.174

is the system's projected debt service coverage ratio in FY24.

The ratio is projected to remain between **1.085** and **1.090** from FY26-FY36.

Projected ratios are based on **5,691** FTE and the FY24 facility fee.

Source South Dakota Health and Educational Facilities Authority (October 2023)

Sources of Revenue Drive Coverage

$36

per credit hour is collected through the facility fee, which is designed to cover **73%** of the system's annual debt service obligation.

The fee has remained flat since FY21, when it increased from $35/credit hour (FY17-FY20).

27%

of need is covered through a state appropriation.

In FY24, need is projected at **$6,745,590**. The state's contribution will be approximately **$1,821,000**.

Source South Dakota Health and Educational Facilities Authority (October 2023)

Buydown and Refinancing Reduces Debt

$84

million **($84,125,000)** is the system's current outstanding principal debt.

The debt is tied to Series 2015A-C and 2012A (refinanced in 2021 and 2022) bonds. The 2015 bonds are set to expire in 2038 and the 2012 bonds expire in 2041.

$113

million **($112,905,000)** was the system's outstanding principal debt in FY21.

The system has reduced debt and increased capacity through a bond buydown (FY21), refinancing (FY21, FY22), and a new approach to financing construction.

Source South Dakota Health and Educational Facilities Authority (October 2023)

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