

RANK
3

SOUTH DAKOTA

SUMMARY

On the basis of its fiscal solvency in five separate categories, South Dakota is ranked 3rd among the US states for its fiscal health. South Dakota's fiscal rankings are high in all categories. On short-run basis, South Dakota has between 6.14 and 8.51 times the cash needed to cover short-term liabilities. Revenues exceed expenses by 4 percent, and net position improved by \$647 per capita in FY 2015. On a long-run basis, net assets are 34 percent of total assets after debts have been paid. Long-term liabilities are 10 percent of total assets, or \$803 per capita. Total primary government debt is \$560 million, or 1.4 percent of state income. Unfunded pension obligations, on a guaranteed-to-be-paid basis, are \$9.8 billion, or 25 percent of personal income.

2015 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

| | General obligation bonds | Total primary government debt | State personal income | Ratio of debt to state personal income | Total primary debt per capita |
|---------------------|--------------------------|-------------------------------|------------------------|--|-------------------------------|
| South Dakota | \$0.00 billion | \$0.56 billion | \$38.64 billion | 1.4% | \$647 |
| National average | \$6.09 billion | \$12.71 billion | \$305.43 billion | 3.7% | \$1,804 |

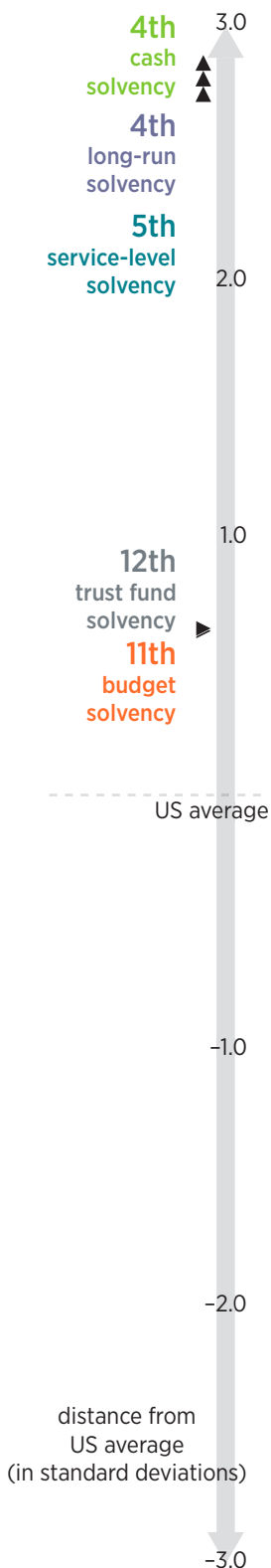
PENSION LIABILITY

| | Unfunded pension liability | Funded ratio | Market value of unfunded liability | Market value of funded liability ratio |
|---------------------|----------------------------|--------------|------------------------------------|--|
| South Dakota | \$0.00 billion | 100% | \$9.80 billion | 51% |
| National average | \$20.62 billion | 74% | \$105.50 billion | 36% |

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

| | Total unfunded OPEB | Funded ratio |
|---------------------|-----------------------|--------------|
| South Dakota | \$0.00 billion | 0% |
| National average | \$12.97 billion | 12% |

1. Florida
2. North Dakota
- 3. South Dakota**
4. Utah
5. Wyoming
6. Nebraska
7. Oklahoma
8. Tennessee
9. Idaho
10. Montana
11. Missouri
12. Alabama
13. Ohio
14. Nevada
15. North Carolina
16. Indiana
17. Alaska
18. Virginia
19. South Carolina
20. Arkansas
21. Oregon
22. Georgia
23. Texas
24. Minnesota
25. New Hampshire
26. Washington
27. Hawaii
28. Iowa
29. Wisconsin
30. Colorado
31. Delaware
32. Kansas
33. Arizona
34. Mississippi
35. Maine
36. Michigan
37. Connecticut
38. Rhode Island
39. New York
40. Vermont
41. New Mexico
42. West Virginia
43. California
44. Louisiana
45. Pennsylvania
46. Maryland
47. Kentucky
48. Massachusetts
49. Illinois
50. New Jersey



UNDERLYING RATIOS

| | Cash ratio | Quick ratio | Current ratio | Operating ratio | Surplus (or deficit) per capita | Net asset ratio | Long-term liability ratio | Long-term liability per capita |
|---------------------|-------------|-------------|---------------|-----------------|---------------------------------|-----------------|---------------------------|--------------------------------|
| South Dakota | 6.14 | 8.36 | 8.51 | 1.04 | \$647 | 0.34 | 0.10 | \$803 |
| National average | 2.68 | 3.66 | 3.93 | 1.04 | \$150 | -0.17 | 0.61 | \$4,272 |

| | Tax-to-income ratio | Revenue-to-income ratio | Expenses-to-income ratio | Pension-to-income ratio | OPEB-to-income ratio |
|---------------------|---------------------|-------------------------|--------------------------|-------------------------|----------------------|
| South Dakota | 0.04 | 0.10 | 0.10 | 0.25 | n/a* |
| National average | 0.06 | 0.13 | 0.13 | 0.35 | 0.04 |

* South Dakota has an OPEB plan, but it is self-funding and, as a result, has no liability.

KEY TERMS

- **Cash solvency** measures whether a state has enough cash to cover its short-term bills, which include accounts payable, vouchers, warrants, and short-term debt. (South Dakota ranks 4th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (South Dakota ranks 11th.)
- **Long-run solvency** measures whether a state has a hedge against large long-term liabilities. Are enough assets available to cushion the state from potential shocks or long-term fiscal risks? (South Dakota ranks 4th.)
- **Service-level solvency** measures how high taxes, revenues, and spending are when compared to state personal income. Do states have enough “fiscal slack”? If spending commitments demand more revenues, are states in a good position to increase taxes without harming the economy? Is spending high or low relative to the tax base? (South Dakota ranks 5th.)
- **Trust fund solvency** measures how much debt a state has. How large are unfunded pension liabilities and OPEB liabilities compared to the state personal income? (South Dakota ranks 12th.)

For a complete explanation of the methodology used to calculate South Dakota’s fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, “Ranking the States by Fiscal Condition,” 2017 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, July 2017).