**SUMMARY**

On the basis of its solvency in five separate categories, South Dakota ranks 2nd among the US states for fiscal health. South Dakota has between 4.76 and 6.78 times the cash needed to cover short-term obligations, well above the US average. Revenues exceed expenses by 2 percent, with an improving net position of $106 per capita. In the long run, South Dakota has a net asset ratio of 0.34. Long-term liabilities are lower than the national average, at 8 percent of total assets, or $650 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $13.32 billion, or 32 percent of state personal income.

**2016 TOTAL LONG-TERM OBLIGATIONS**

<table>
<thead>
<tr>
<th>STATE DEBT</th>
<th>General obligation bonds</th>
<th>Total primary government debt</th>
<th>State personal income</th>
<th>Ratio of debt to state personal income</th>
<th>Total primary debt per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Dakota</td>
<td>$0.00</td>
<td>$0.52 billion</td>
<td>$41.58 billion</td>
<td>1.3%</td>
<td>$603</td>
</tr>
<tr>
<td>National average</td>
<td>$5.85 billion</td>
<td>$12.65 billion</td>
<td>$319.33 billion</td>
<td>3.7%</td>
<td>$1,830</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PENSION LIABILITY</th>
<th>Unfunded pension liability</th>
<th>Funded ratio</th>
<th>Market value of unfunded liability</th>
<th>Market value of funded liability ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Dakota</td>
<td>$0.00</td>
<td>100%</td>
<td>$13.32 billion</td>
<td>45%</td>
</tr>
<tr>
<td>National average</td>
<td>$23.43 billion</td>
<td>73%</td>
<td>$135.50 billion</td>
<td>32%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER POSTEMPLOYMENT BENEFITS (OPEB)</th>
<th>Total unfunded OPEB</th>
<th>Funded ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Dakota</td>
<td>n/a*</td>
<td>n/a*</td>
</tr>
<tr>
<td>National average</td>
<td>$14.51 billion</td>
<td>14%</td>
</tr>
</tbody>
</table>

* South Dakota does not report an OPEB liability.
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, 2018 Edition” (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, October 2018).

### UNDERLYING RATIOS

<table>
<thead>
<tr>
<th>South Dakota</th>
<th>National average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash ratio</td>
<td>4.76</td>
</tr>
<tr>
<td>Quick ratio</td>
<td>6.63</td>
</tr>
<tr>
<td>Current ratio</td>
<td>6.78</td>
</tr>
<tr>
<td>Operating ratio</td>
<td>1.02</td>
</tr>
<tr>
<td>Surplus (or deficit) per capita</td>
<td>$106</td>
</tr>
<tr>
<td>Net asset ratio</td>
<td>0.34</td>
</tr>
<tr>
<td>Long-term liability ratio</td>
<td>0.08</td>
</tr>
<tr>
<td>Long-term liability per capita</td>
<td>$650</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>South Dakota</th>
<th>National average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-to-income ratio</td>
<td>0.04</td>
</tr>
<tr>
<td>Revenue-to-income ratio</td>
<td>0.09</td>
</tr>
<tr>
<td>Expenses-to-income ratio</td>
<td>0.09</td>
</tr>
<tr>
<td>Pension-to-income ratio</td>
<td>0.32</td>
</tr>
<tr>
<td>OPEB-to-income ratio</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### 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 3rd.)

- **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 28th.)

- **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 2nd.)

- **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 6th.)

- **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 13th.)