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Dormitory Authority of the State of New York (School Districts Revenue Bond Financing Program): Fitch New Issue Report

The 'AA-' program rating, two notches below the State of New York's 'AA+'/Stable Issuer Default Rating (IDR), reflects linkage to the IDR given the statutory ability to intercept available state school aid to provide funds to pay debt service on a timely basis if borrowers fail to make payments on the underlying loans to the Dormitory Authority of the State of New York (DASNY). Although annual state aid has provided coverage of pro forma maximum annual debt service for all participating school district borrowers, not all school districts participating in the program have historically received sufficient state aid in the time between when loan payments are due to DASNY and when debt service is due (intercept periods). There is no provision for advancement of aid that has been appropriated but not yet paid. There is a constitutional mandate for, and strong history of, state support for education. Fitch Ratings believes program management by DASNY, a key issuer for the state's capital program, is a credit strength for this pooled financing program and mitigates the above-mentioned concerns, including around intercept periods.

ACCESS REPORT

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