CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

DEBT LINE *Off Prints*

California Debt And Investment Advisory Commission
Philip Angelides, Chair

Volume 21, No. 11 November 2002

CDIAC ISSUES STATE AND LOCAL GOVERNMENT OUTSTANDING GENERAL OBLIGATION DEBT REPORT

Kristin Szakaly-Moore
CDIAC Policy Research Unit

The California Debt and Investment Advisory Commission (CDIAC) is pleased to announce the release of its report on California state and local government outstanding General Obligation (GO) debt. The report, entitled "**A Review of California State and Local Outstanding General Obligation Debt: 1992-93 through 1998-99,**" has been issued in fulfillment of State Government Code Section 8858, which requires CDIAC to collect and report on outstanding public debt for entities within the State of California.[1] It provides compiled data of total state and local government outstanding GO debt for the time period, including analyses of the data in concert with several California state- and county-specific economic, financial, and demographic variables. The goal was to provide a greater context in which to view the amount of current outstanding GO debt, as well as debt trends.

Some of the key findings of the report include:

- When compared to other states on either a per capita basis or as a percent of personal income (to account for factors such as population and wealth), California state and local outstanding GO debt is consistently lower over the time period studied. In 1998-99, for example, California state and local outstanding GO debt per capita and debt as a percent of personal income are each nearly 40 percent lower than the average of all other state and local government outstanding GO debt per capita and debt as a percent of personal income.

- Between fiscal years 1992-93 (the earliest year for which comprehensive data exists) and 1998-99, outstanding GO debt at the State level grew at a 3.3 percent compound average annual rate, starting at $13.3 billion in 1992-93 and reaching $16.2 billion in 1998-99.[2] Over the same period, local outstanding GO debt increased at a compound average annual rate of 12.8 percent, totaling $11.5 billion in 1998-99. Other measures of economic activity grew at compound average annual rates between these two figures. For example, revenues to the State's General Fund increased 8.3 percent, gross state product increased 5.8 percent, and California's taxable sales increased 5.6 percent (all at compound average annual growth rates).

- With respect to local governmental entities, in 1998-99, K-12 school districts were responsible for the largest proportion of outstanding GO debt (nearly 60 percent), followed by city governments (19.9 percent), and special districts (19.3 percent). Additionally, K-12 school district outstanding GO debt grew the fastest over the six-year period (at a compound average annual growth rate of 44 percent per year), and by itself was responsible for more than the total growth in outstanding GO debt for all the other types of local jurisdictions combined over the period.

- When outstanding GO debt for all types of local governmental entities is aggregated to the county level, the more urban counties rank the highest in terms of total debt, while rural counties rank the lowest. However, when comparing these figures to account for differences in personal income or population levels, the amount of outstanding GO debt in several rural counties looks proportionately higher relative to that in the more populous, urban counties.

The report provides a "broad-brush" overview of outstanding GO debt held by the State and local governments. While not a complete picture of total outstanding debt, the data provide some insight into the relative amounts of outstanding GO debt held by various jurisdictions. The report serves best as an introduction to one type of debt used by the State and local governmental jurisdictions and the general trends and magnitudes of such debt outstanding.

The report may be downloaded from CDIAC's website at **www.treasurer.ca.gov/cdiac** or a printed copy may be obtained by contacting CDIAC by phone at (916) 653-3269 or by email at cdiac@treasurer.ca.gov.

---

[1] The report focuses solely on GO debt due to discrepancies in the data for other types of outstanding debt.

[2] This calculation incorporates the effects of compounding for each year within the timeframe under consideration, unlike a rate of change calculation over the entire period.

This Offprint was previously published in DEBT LINE, a monthly publication of the California Debt and Investment Advisory Commission (CDIAC). CDIAC was created in 1981 to provide information, education, and technical assistance on public debt and investment to state and local public officials and public finance officers. DEBT LINE serves as a vehicle to reach CDIAC's constituents, providing news and information pertaining to the California municipal finance market. In addition to topical articles, DEBT LINE contains a listing of the proposed and final sales of public debt provided to CDIAC pursuant to Section 8855(g) of the California Government Code. Questions concerning the Commission should be directed to CDIAC at (916) 653-3269 or, by e-mail, at cdiac@treasurer.ca.gov. For a full listing of CDIAC publications, please visit our website at http://www.treasurer.ca.gov/cdiac.