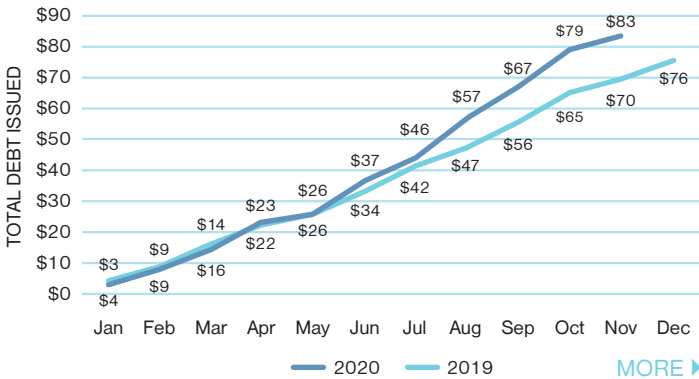


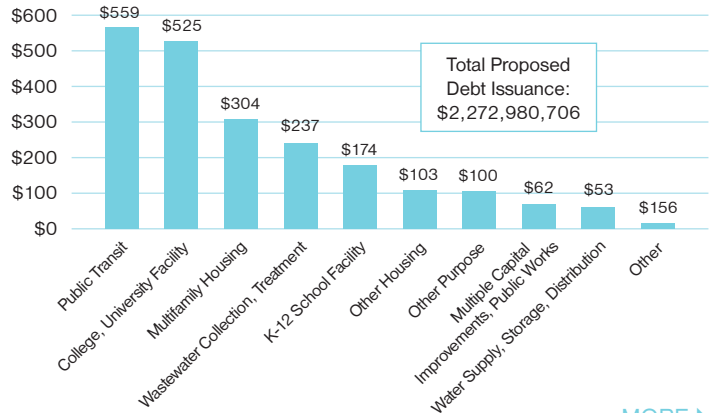
California Public Debt Issuance Monthly Data

CUMULATIVE CALIFORNIA PUBLIC DEBT ISSUANCE (IN BILLIONS)¹



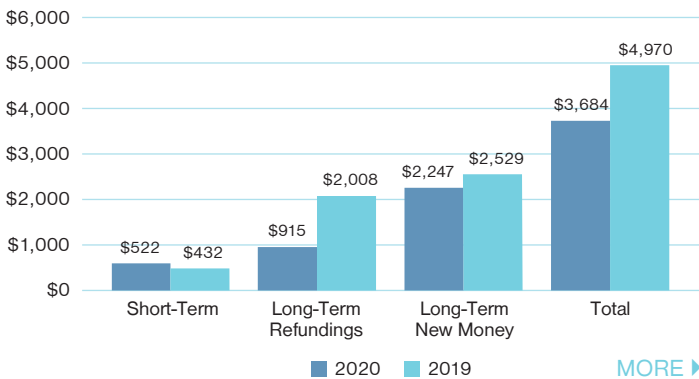
[MORE](#)

REPORTS OF PROPOSED DEBT ISSUANCE RECEIVED 11-16-2020 THROUGH 12-15-2020, BY PURPOSE (IN MILLIONS)



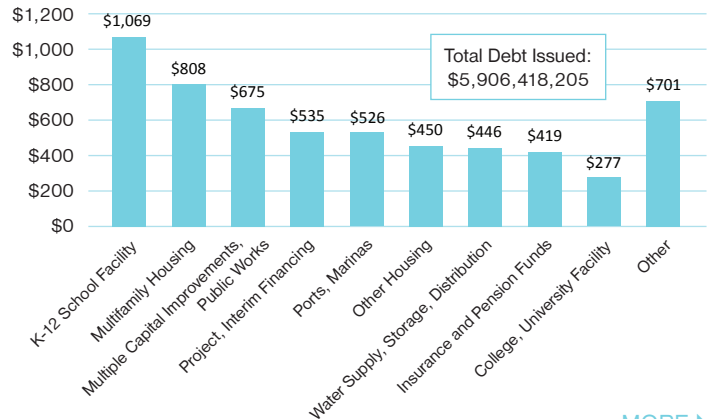
[MORE](#)

CALIFORNIA PUBLIC DEBT ISSUANCE, NOVEMBER (IN MILLIONS)¹



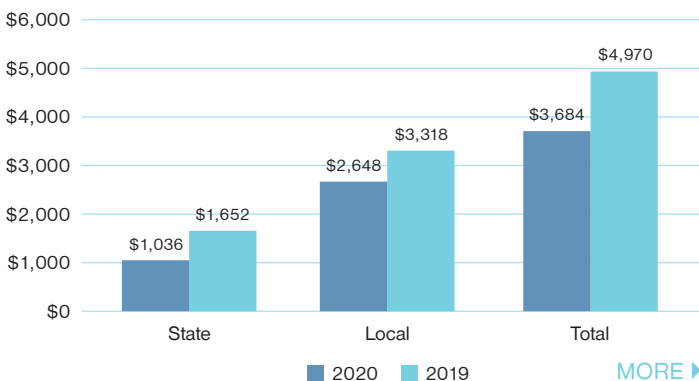
[MORE](#)

TOTAL REPORTS OF FINAL SALE RECEIVED 11-16-2020 THROUGH 12-15-2020, BY PURPOSE (IN MILLIONS)



[MORE](#)

STATE* VERSUS LOCAL DEBT ISSUANCE, NOVEMBER (IN MILLIONS)¹



[MORE](#)

* State issuers include the State of California, its agencies, commissions, authorities, departments and The Student Loan Corporation.

¹ Data may not include issuances reported after the 22nd day of the following month.

More detailed debt issuance information is available in the monthly [Debt Line Calendar](#). **DL**

INSIDE THIS ISSUE

- Data Corner: Issuance for Educational Facilities [2](#)
- Annual Debt Transparency Reporting Reminder [6](#)
- 2020 Debt Line Index [7](#)
- Regulatory Activity Calendar [8](#)
- Save the Date [9](#)



CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION

Chair:

FIONA MA, CPA
California State Treasurer

Members:

GAVIN NEWSOM
Governor

BETTY T. YEE
State Controller

SABRINA CERVANTES
Assemblymember

ASH KALRA
Assemblymember

STEVEN BRADFORD
Senator

SANDIE ARNOTT
Treasurer-Tax Collector
County of San Mateo

LAKSHMI KOMMI
Director of Debt Management
City of San Diego

Executive Director:

ROBERT BERRY

Debt Line is published monthly by the California Debt and Investment Advisory Commission (CDIAC).

915 Capitol Mall, Room 400
Sacramento, CA 95814
P (916) 653-3269
F (916) 654-7440
cdiac@treasurer.ca.gov
www.treasurer.ca.gov/cdiac

Debt Line publishes articles on debt financing and public fund investment that may be of interest to our readers; however, these articles do not necessarily reflect the views of the Commission.

Business correspondence and editorial comments are welcome.

All rights reserved. No part of this document may be reproduced without written credit given to CDIAC. Permission to reprint with written credit given to CDIAC is hereby granted.

DATA - CORNER

Issuance for Educational Facilities in 2020

Kelly Joy | Policy Research Unit

Last January, CDIAC reported on issuance from California educational facilities from 2014 through 2019, including changes since the federal Tax Cuts and Jobs Act of 2017 (TCJA of 2017) went into effect in the beginning of 2018. Overall, 2020 issuance from California issuers is just shy of 2017 issuance activity, which included a rush to market before the elimination of tax-exempt refundings by the TCJA of 2017. (See Figure 1.) Issuance from community college and school districts has been especially elevated in 2020, and has surpassed the previous peak in 2019. Issuance for educational facilities from nongovernmental sources has been higher than most recent years, but still has not recovered from its peak in 2017.

This article uses debt issuance data reported to CDIAC¹ to provide an update of last year's analysis of issuance for California educational facilities.

K-12 AND COMMUNITY COLLEGE DISTRICTS. Although bond issuance for school and college facilities decreased substantially after the passage of the TCJA of 2017, issuance rebounded in 2019, and in 2020,²

issuance surpassed levels from prior years. Over the past year, issuance for educational purposes in California totaled approximately \$20 billion, which is an almost 25% increase over issuance levels in 2017 and about twice the amount of debt issued by school districts, community colleges, and universities in 2018. (See Figure 2.) This increased activity could be due in part to the large amount of debt issued by colleges and universities in 2020 in response to sharp decreases in revenue and increases in expenses for many higher education institutions resulting from the coronavirus pandemic.³

As a percentage, issuance for educational purposes made up almost one-quarter of total issuance in 2020. Although issuance varies from year to year, the percentage of issuance for educational purposes is within a consistent range of about 15% to 25% seen in recent years.

New money issuance for educational purposes issued by school districts and higher education institutions in 2020 has been higher than most recent years. (See Figure 2.) Although the total volume of new money issued for school and college facilities in 2020 was a bit lower than the volume of new money issued the previous year, refunding volume for colleges and school districts was about 60% larger than in 2019. The large increase in refunding activity is likely due in large part to extremely low interest rates in the market since March 2020,⁴ which have

¹ CDIAC relies on the accuracy of the information submitted on the Report of Final sale to analyze market trends for California public issuers. Most of the information noted above can be accessed through the California State Treasurer's online data portal, DebtWatch, at www.debtwatch.treasurer.ca.gov.

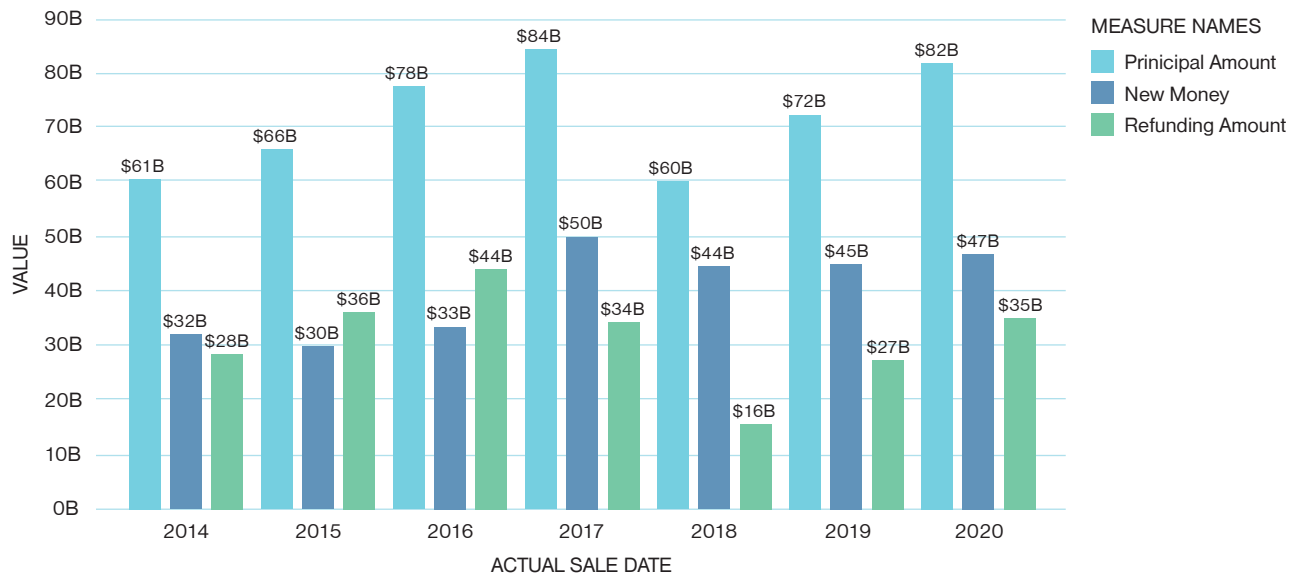
² Issuance totals in 2020 included in this article are not considered final because issuers have 21 days to submit reports of final sale to CDIAC. There is also a possibility of late filings to CDIAC that may not be included in the underlying data for this article.

³ Juliet Chung and Melissa Korn, "Bond Boom Comes to America's Colleges and Universities," *The Wall Street Journal*, Published December 26, 2020, Accessed December 30, 2020, www.wsj.com/articles/bond-boom-comes-to-americas-colleges-and-universities-11608978781.

⁴ "Effective Federal Funds Rate," *Federal Reserve Bank of St. Louis website*, Last updated December 1, 2020, Accessed December 15, 2020, <https://fred.stlouisfed.org/series/fedfunds>.

FIGURE 1

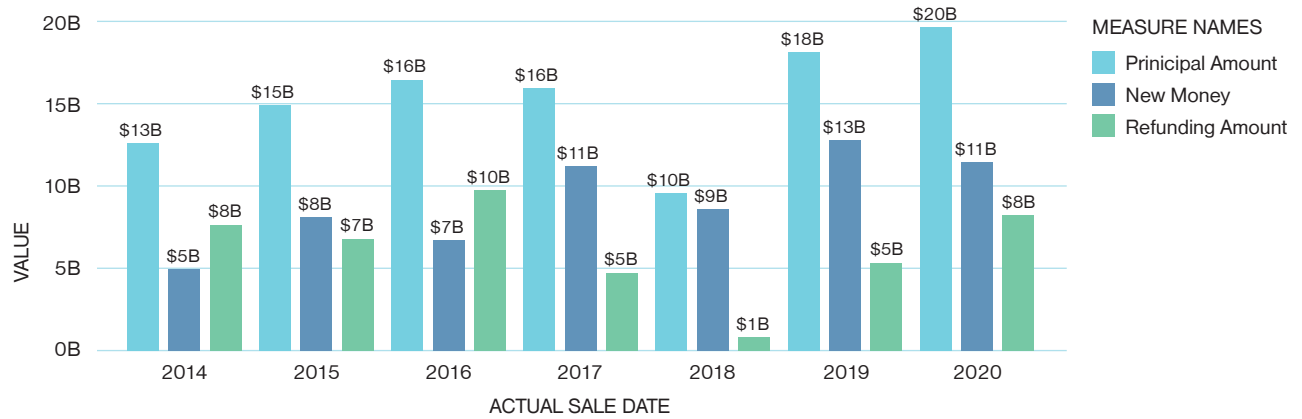
TOTAL DEBT ISSUANCE, NEW MONEY AND REFUNDING, ALL CALIFORNIA ISSUERS
2014 - 2020*, ISSUANCE VOLUME IN BILLIONS



Source: CDIAC data reported as of 01/04/2021

FIGURE 2

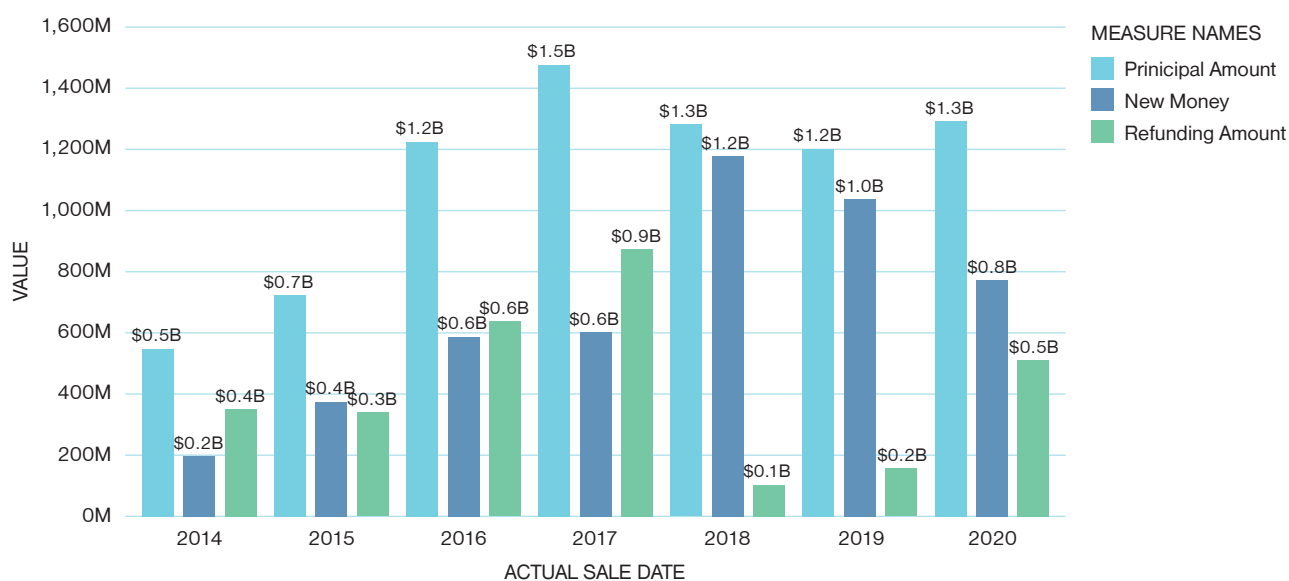
TOTAL DEBT ISSUANCE, NEW MONEY AND REFUNDING, CALIFORNIA K-12 AND COMMUNITY COLLEGE FACILITIES
2014 - 2020*, ISSUANCE VOLUME IN BILLIONS



Source: CDIAC data reported as of 01/04/2021

FIGURE 3

TOTAL NON-GOVERNMENTAL DEBT ISSUANCE, NEW MONEY AND REFUNDING K-12 FACILITIES, COLLEGE/UNIVERSITY FACILITIES & HOUSING, 2014 - 2020*, ISSUANCE VOLUME IN BILLIONS



Source: CDIAC data reported as of 01/04/2021

made refundings more attractive for issuers even without a tax-exempt status.

PRIVATE USE. Although the amount of debt issued for private, non-governmental use to finance educational facilities for school districts and higher education institutions in 2020 is higher than most recent years, it still has not recovered from the dip seen after passage of the TCJA of 2017. (See Figure 3.)⁵ That said, extremely low interest rates since March 2020⁶ have contributed to a sharp increase in the volume of refundings from non-governmental borrowers over the

past year, and non-governmental debt issuance in 2020 was 8% higher than in 2019. This includes debt issued by conduit issuers for non-profit schools, private schools, colleges, and universities in California. A conduit financing involves debt issued by governmental agencies, such as a joint powers authority (JPA) or state financing authority, on behalf of private, non-governmental borrowers, or obligors for eligible projects.⁷

A PREVIEW OF POTENTIAL TRENDS IN 2021. There were a total of 178 bond measures on the ballot in the

2020 primary and general elections that were for educational facilities and purposes.⁸ Of those, 91 local bond measures were approved by voters. It is possible that the passage of these new local bond measures may lead to higher issuance levels for educational facilities in 2021, as was the case in 2017 after the last presidential election cycle.⁹ However, the number and amount of debt authorized by the local school bond measures that passed in 2020 is significantly lower than the record amount passed in 2016; almost \$30 billion of debt was authorized

⁵ Some totals in this article feature updated information and differ from amounts in the original analysis published in January 2020.

⁶ “Effective Federal Funds Rate,” *Federal Reserve Bank of St. Louis website*.

⁷ California Debt and Investment Advisory Commission, *California Debt Financing Guide*, 3-32, (Sacramento: 2019), Accessed December 16, 2020, www.treasurer.ca.gov/cdiac/debtpubs/financing-guide.pdf.

⁸ These numbers are based on internal CDIAC elections data records, which CDIAC expects to publish online in January 2021: <https://data.debtwatch.treasurer.ca.gov/Government/Election-Data/tda5-nsvn>.

⁹ California Debt and Investment Advisory Commission, “Issuance for Educational Facilities Since the Tax Cuts and Jobs Act,” *Debt Line* 39, no. 1 (January 2020): 4, Accessed December 29, 2020, www.treasurer.ca.gov/cdiac/debtpubs/2020/202001.pdf.

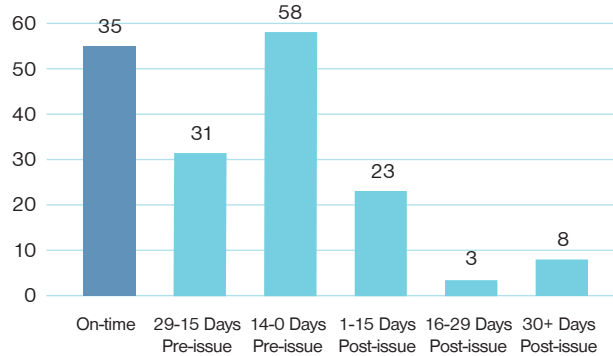
with the passage of bond measures for educational purposes in 2016, whereas bond measures authorizing \$19 billion passed in the 2020 elections.¹⁰ Given this, it is likely that the elections in 2020 might not have the same effect on issuance levels for educational purposes in the coming year.

Since colleges and universities issued a record amount of debt in 2020,¹¹ it is also possible that issuance from colleges and universities might be lower in 2021, as many school districts and other issuers do not sell long-term debt in the market every year. In addition, future effects of – as well as a recovery from – the coronavirus pandemic could also affect issuance for educational facilities. CDIAC will continue to monitor debt issuance for educational facilities as well as for all other purposes, and plans to update this analysis with the results of public debt issued in 2021.

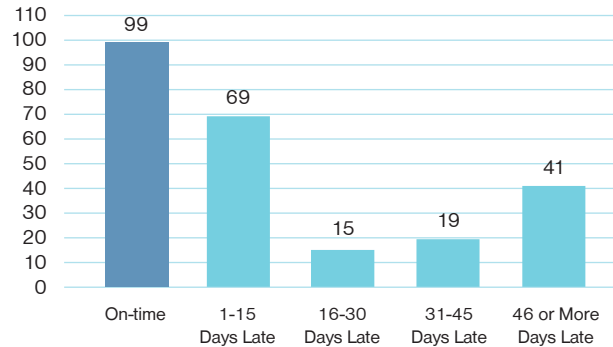
DL

TIMELINESS OF SUBMITTAL OF REPORTS

REPORTS OF PROPOSED DEBT ISSUANCE (RPDI)¹
RECEIVED NOVEMBER 2020



REPORTS OF FINAL SALE (RFS)²
RECEIVED NOVEMBER 2020



DATA UNIT ACTIVITY NOVEMBER 2020

- ✓ RECEIVED AND PROCESSED **158** RPDI
- ✓ RECEIVED AND PROCESSED **243** RFS
- ✓ RECEIVED **102** MARKS-ROOS YEARLY FISCAL STATUS REPORTS FOR FY 2019-20
- ✓ RECEIVED **51** MELLO-ROOS YEARLY FISCAL STATUS REPORTS FOR FY 2019-20
- ✓ *RECEIVED **114** ANNUAL DEBT TRANSPARENCY REPORTS FOR FY 2019-20

DL

¹⁰ Ibid.

¹¹ Chung and Korn, “Bond Boom Comes to America’s Colleges and Universities.”

¹ California Government Code Section 8855(i) states that the issuer of any proposed debt issue of state and local government shall, no later than 30 days prior to the sale of any debt issue, submit a report of proposed issuance to the commission by any method approved by the commission.

² California Government Code Section 8855(j) states that the issuer of any debt issue of state or local government, not later than 21 days after the sale of the debt, shall submit a report of final sale to the commission by any method approved by the commission.

* As of 12/22/2020, a total 944 Annual Debt Transparency Reports had been filed for the FY 19-20 reporting period.

Annual Debt Transparency Report Reminder: SB 1029 Reporting Requirements

With SB 1029 effective January 1, 2017, state and local agencies are required to report to CDIAC annually on all debt issued¹. The Annual Debt Transparency Report (ADTR) must be submitted to CDIAC on or before January 31st of each year, for each issue of debt, until such debt is no longer outstanding or the proceeds of the debt have been fully spent, whichever is later. The ADTR requires issuers to report on the balance of the issuer's authorization to issue the debt, the amount of principal paid, the amount of debt outstanding, and qualitative and quantitative information on how debt proceeds are spent.

This ADTR filing requirement is not retroactive. "ADTR reportable" issues are those that were reported to CDIAC on a Report of Final Sale on or after January 21, 2017. An ADTR must be submitted to CDIAC by January 31st of each year following the end of the July 1st to June 30th reporting period during which the debt was outstanding. For the purpose of classifying issues as outstanding in any given reporting period, CDIAC is using the reported settlement date as the date the debt is ini-

tially outstanding². **The next ADTR filing deadline is January 31, 2021.**

CDIAC has developed an online system, accessible through the [CDIAC website](#) to facilitate the annual submission of the ADTR. In February 2020, CDIAC enhanced the ADTR submission system to allow multiple authorizations for debt issuance.

The CDIAC Data Collection and Analysis Unit (Data Unit) has provided a list on [CDIAC's reporting page](#) of all ADTR-reportable debt identified in the CDIAC database. The list contains the following information:

- CDIAC Number
- Issuer
- Project
- Debt Type
- Principal
- Issue Date
- Purpose of Issuance
- Year of Issue (Fiscal Year Ending 6/30)
- Most Recent Prior Year ADTR Received (Fiscal Year End)

Accessing the online [filing form](#) will require the CDIAC # and the ID Number (i.e., password) that was provided at the time of initial filing. If you do not have the ID Number, it will be necessary to contact the Data Unit to provide you with that number.

To request that another individual or party, such as an outside financial service provider or advisory firm, handle the filing of the ADTR, contact the CDIAC Data Unit at CDIAC_Issuance@treasurer.ca.gov or (916) 653-3269. **DL**

¹ "Debt" as defined in California Code of Regulations (CCR) Title 4, Division 9.6, §6000 (Operative 4/1/2017).

² "Settlement" means the transfer of the assets or rights-to-use from Creditor to Issuer in exchange for delivery of the instruments or evidence of indebtedness from the Issuer to Creditor (CCR Title 4, Division 9.6, §6000). The date of settlement as such generally coincides with the delivery date of bonds, or the closing date of a lease, loan, or similar debt transaction.

2020 Debt Line Index

TITLE	MONTH
2019 Debt Line Index	January
2019 Debt Issuance - Data as of 2/20/20	March
5 Things You May Not Know About CDIAC Education.	March
Annual Debt Transparency Report Reminder: SB 1029 Reporting Requirements	October, November, December
Annual Debt Transparency Report Summary for Fiscal Year 2018-19	July
CDIAC <i>Bond Buyer</i> Pre-conference Summary.	December
CDIAC's Future is Bright	March
Comparison of Six Months of Public Agency Debt Issuance Activity 2019 vs. 2020	September
Data Corner: An Analysis of Refunding Activity 2017-2019	June
Federal Legislation Affecting State and Local Governments	March, April, June, July, August, September, October,
Issuance for Educational Facilities Since the Tax Cuts and Jobs Act	January
Mello-Roos and Marks-Roos Reporting Requirements	July, August, September, October
Municipal Market Regulatory Activity Calendar of Events / Regulatory Activity Calendar.	January, February, March, April, May, June, July, August, September, October, November, December
New Additions to CDIAC's Management Team	September
New Additions to CDIAC	December
Pension Obligation Financing In California	May
Reminder: SB 1029 Reporting Requirements (Annual Debt Transparency Report)	January
Review of AB 2300 Reporting Requirements	May
State Legislation Affecting State and Local Governments	March, April, June, July, August, September, October,
Summary of Chaptered Bills: Second Year of the 2019-2020 Legislative Session.	November
The Recent Rise of Taxables.	April
Top Municipal Market Financing Participants: First 6 Months of Calendar Year 2020.	August
Top Municipal Market Financing Team Participants: Calendar Year 2019.	February
Update of Green Bond Issuance: October 2019 - September 2020	November
Use of Municipal Bond Insurance	October
Voluntary Disclosure of COVID-19 in the Municipal Market	July



Regulatory Activity Calendar

DECEMBER 2020

- 2** The Municipal Securities Rulemaking Board (MSRB) filed a proposed rule change for immediate effectiveness with the U.S. Securities and Exchange Commission (SEC) to provide additional regulatory relief on a temporary basis to brokers, dealers and municipal securities dealers and municipal advisors in light of the operational challenges that continue due to the sustained coronavirus pandemic. [MSRB Notice](#)
- 9** The MSRB filed with the SEC, a proposed rule change to amend MSRB Form G-32 to clarify that brokers, dealers, and municipal securities dealers acting as underwriters in the primary offering of municipal securities are obligated to manually complete three data fields on Amended Form G-32 when such fields are applicable to a primary offering.
- 15** Second IN FOCUS webinar hosted by the Governmental Accounting Standards Board (GASB). This webinar provided information on the proposals in GASB's recently issued Exposure Draft, *Financial Reporting Model Improvements*. [Registration](#)
- 16** The SEC adopted a rule that exempts certain activities of security-based swap execution facilities and security-based swap dealers from triggering the requirement to also register as a clearing agency, in line with similar exemptions for broker-dealers and national securities exchanges. [Final Rule](#)
- 22** The SEC proposed an amendment to Rule 144 under the Securities Act of 1933 to revise the holding period determination for securities acquired upon the conversion or exchange of

certain market-adjustable securities. The SEC proposed amendments to update and simplify Form 144 filing requirements. [Proposed rule](#)

- 31** End date of the SEC's emergency order that allowed municipal advisors to temporarily be allowed to arrange certain private placement deals without needing to register as a broker-dealer. [Emergency Order](#)

FEBRUARY 2021

- 15** Deadline to submit comments on GASB Exposure Draft, *Implementation Guidance Update*. The Guide provides guidance that clarifies, explains, or elaborates on GASB Statements. [GASB Exposure Draft](#)
- 26** Deadline to submit comments on GASB's Exposure Draft, *Financial Reporting Model Improvements*, a proposed Statement designed to improve key components of the blueprint for state and local government annual financial reports. [GASB Exposure Draft](#)
- 26** Deadline to submit comments on GASB's Exposure Draft, *Recognition of Elements of Financial Statements*. [GASB Exposure Draft](#)
- 26** Deadline to submit comments on GASB's Preliminary Views, *Revenue and Expense Recognition*. [GASB Preliminary Views](#)

MARCH 2021

- 31** Extended date for municipal advisors (firms and individuals) to complete certain professional qualification standards. Due to the coronavirus pandemic, the MSRB proposed a rule change to provide additional time to allow firms and individuals to fulfill certain professional qualification standards established under MSRB Rule G-3, on professional qualification requirements, consis-

tent with MSRB Rule G-2, on standards of professional qualification. [MSRB Notice](#)

- 31** Updated compliance date for collecting new data from underwriters submitting an amended Form G-32 for primary offerings of municipal securities through the MSRB's Electronic Municipal Market Access (EMMA) system. [MSRB Notice](#) **DL**

SAVE THE DATE

CDIAC Webinars, Seminars, and Conferences

JANUARY

JANUARY 2021

Fundamentals of Public Funds Investing
in Collaboration with CMTA
Six-part Webinar Series
www.treasurer.ca.gov/cdiac/seminars

Other Seminars and Conferences

JANUARY

JANUARY 13-14, 2021

California Society of Municipal
Finance Officers
Fundamentals of Fees, Rates, Charges,
and Land-Based Financing Tools
Online Virtual Event
www.csmfo.org

JANUARY 20, 2021

California Association of County
Treasurers and Tax Collectors
Legislative Day 2021
Online Virtual Event
www.cacttc.org

JANUARY 27-28, 2021

California Association of Sanitation Agencies
CASA Winter Conference
Online Virtual Event
www.casaweb.org

FEBRUARY

FEBRUARY 16-18, 2021

California Society of
Municipal Finance Officers
2021 Annual Conference
San Jose, CA
www.csmfo.org

MARCH

MARCH 1-3, 2021

California's Coalition for
Adequate School Housing
2021 CASH Annual Conference
Palm Springs, CA
www.cashnet.org

MARCH 3-4, 2021

National Association of Bond Lawyers
The Institute: Virtual 2021 (Members Only)
Online Virtual Event
www.nabl.org

APRIL

APRIL 6-9, 2021

California Association of
School Business Officials
Annual Conference & California
School Business Expo
Long Beach, CA
www.casbo.org

APRIL 7-9, 2021

National Association of Bond Lawyers
NABL U Presents The Essentials
Atlanta, GA
www.nabl.org

APRIL 28-30, 2021

California Municipal Treasurers Association
Annual Conference
Newport Beach, CA
www.cmta.org

MAY

MAY 17-21, 2021

National Association of State Treasurers
Treasury Management Training Symposium
Indianapolis, IN
www.nast.org

JUNE

JUNE 8-11, 2021

California Association of County Treasurers
and Tax Collectors
Annual Conference
San Diego, CA
www.cacttc.org

JUNE 27-30, 2021

Government Finance Officers Association
Annual Conference
Chicago, IL
www.gfoa.org

DL

Organizations may submit information on future educational seminars, meetings, or conferences by emailing cdiac_education@treasurer.ca.gov. Publication of announcements is subject to space limitations.