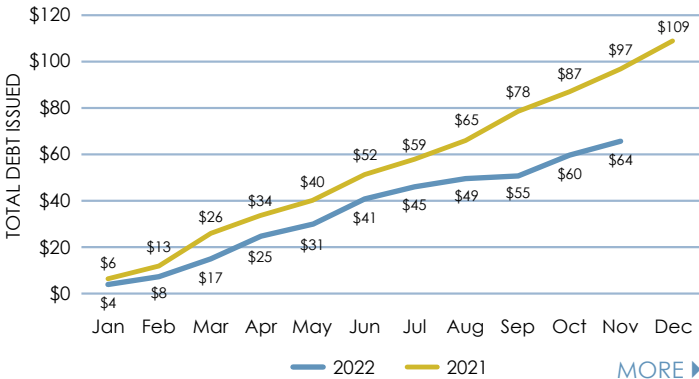
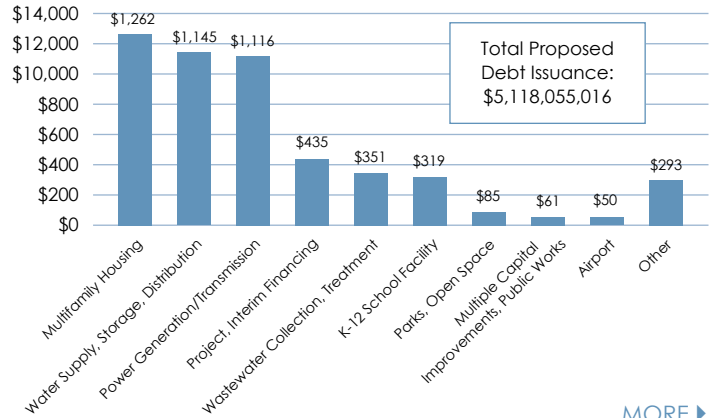


California Public Debt Issuance Monthly Data

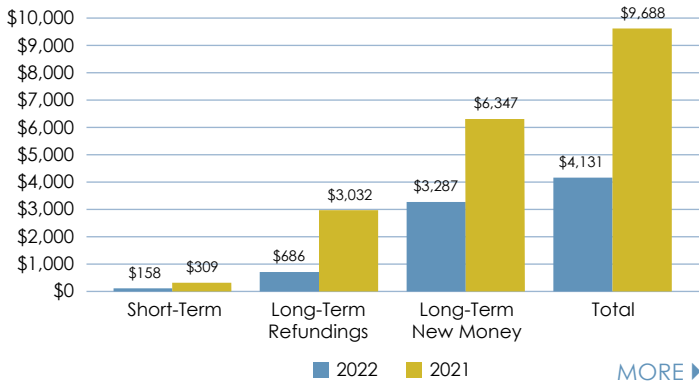
CUMULATIVE CALIFORNIA PUBLIC DEBT ISSUANCE (IN BILLIONS)¹



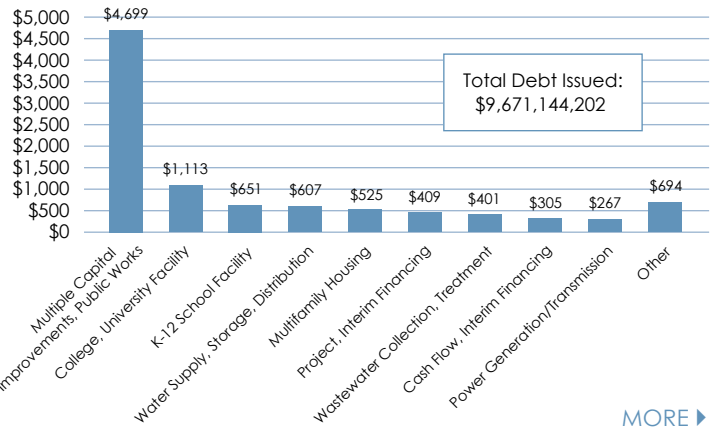
REPORTS OF PROPOSED DEBT ISSUANCE RECEIVED
12-1-2022 THROUGH 12-31-2022, BY PURPOSE (IN MILLIONS)



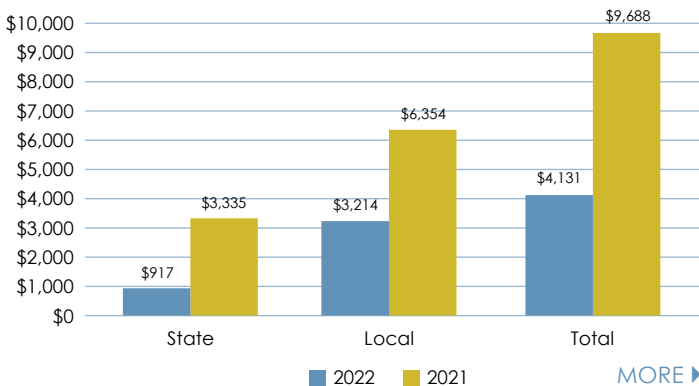
CALIFORNIA PUBLIC DEBT ISSUANCE, NOVEMBER (IN MILLIONS)¹



TOTAL REPORTS OF FINAL SALE RECEIVED
12-1-2022 THROUGH 12-31-2022, BY PURPOSE (IN MILLIONS)



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



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

INSIDE THIS ISSUE

- Data Corner: Issuance for Educational Facilities in 2022 2
- CDIAC Unveils New Logo 6
- Regulatory Activity Calendar 6
- Save the Date 7

* 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.



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

COTTIE PETRIE-NORRIS
Assemblymember

PATRICIA C. BATES
Senator

STEVEN BRADFORD
Senator

SANDIE ARNOTT
Treasurer-Tax Collector
County of San Mateo

NIKOLAI SKLAROFF
Capital Finance Director
San Francisco
Public Utilities Commission

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

A Monthly Update From CDIAC's Data Collection and Analysis Unit

Issuance for Educational Facilities in 2022

Ashley Yu | Policy Research Unit

The California Debt and Investment Advisory Commission (CDIAC) reported on the impact of the federal Tax Cuts and Jobs Act of 2017 (TCJA of 2017) on public debt issuance activity in California in an article published in January 2020.¹ The findings from CDIAC's initial review, showed public debt issuance activity from January 1, 2014 through December 31, 2019, declined significantly after January 1, 2018, due a provision of the TCJA of 2017 that ended the common practice of tax-exempt advanced refundings. CDIAC's report revealed that issuance activity for educational facilities showed the greatest decline in issuance activity of all debt issued by purpose. In 2022, issuance activity for educational facilities represented nearly 25% of all public debt issuance in California. CDIAC continues to track and update this data set as issuance for educational facilities represents a large percentage of overall issuance activity, often ranging from 25% to 35% of total issuance.

Using data reported to CDIAC, this article provides an update of issuance data for educational facilities reported to CDIAC from January 1, 2014 through December 31, 2022 (review period)² by year as well as a cumulative look at issuance for educational facilities since 2014.

Overall, total issuance by all California public agencies in 2022 fell by 37% from 2021 due to rising rates and inflation.³ Total debt issuance for the review period peaked in 2021 with a record high of \$104 billion, but dropped to the lowest level since 2018 at \$65.8 billion in 2022. Refunding activity for all California public issuance fell dramatically by 68% from \$52.8 billion in 2021 to \$16.8 billion in 2022, a record low, attributed to higher interest rates. The volume of refunding issuance activity for all California public issuance also peaked in 2016, before the passage of the TCJA of 2017 (Figure 1). New money issuance fell by 4% in 2022, however, the issuance volume was still greater than the annual totals of new money issuance from 2014 through 2020.

Issuers of debt to finance educational facilities include K-12 districts, community colleges, the University of California, the California State University

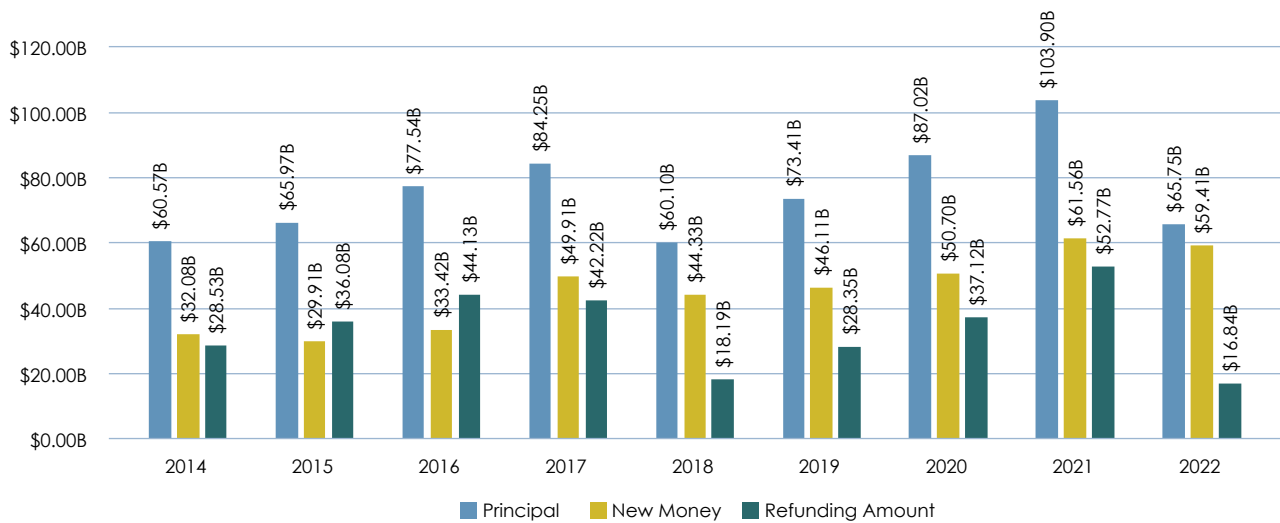
¹ "Issuance for Educational Facilities in 2021," California Debt and Investment Advisory Commission, *Debt Line* 41, no. 1 (2021): 2, Accessed December 13, 2022, www.treasurer.ca.gov/cdiac/debtpubs/2022/202201.pdf.

² Issuance totals for 2022 included in this article are not considered final because issuers have 21 days to submit reports of final sale to CDIAC. Late filings to CDIAC may not be included in the underlying data for this article.

³ Amanda Albright, "California, flush with cash, snubs muni-bond sales for projects," *Bloomberg*, October 6, 2022, Accessed December 13, 2022, from www.bloomberg.com/news/articles/2022-10-06/california-flush-with-cash-snubs-muni-bond-sales-for-projects?leadSource=verify+wall.

Figure 1

TOTAL DEBT ISSUANCE, NEW MONEY AND REFUNDING, ALL CALIFORNIA ISSUERS, 2014-2022*, ISSUANCE IN BILLIONS



Source: CDIAAC data reported as of 01/20/2023.

* Issuance totals for 2022 included in this article are not considered final because issuers have 21 days to submit reports of final sale to CDIAAC. Late filings to CDIAAC may not be included in the underlying data for this article.

system, and those public entities that issue debt on behalf of private K-12 and higher education institutions.

K-12, COMMUNITY COLLEGES, UNIVERSITY OF CALIFORNIA (UC), AND CALIFORNIA STATE UNIVERSITY SYSTEM (CSU). Issuance activity for educational facilities by California’s K-12 and public college and university systems in 2022 was \$15.4 billion, a 46% decrease from the \$28.5 billion issued in 2021 (Figure 2). Total issuance volume (new money and refundings) for educational facilities among the state’s K-12 and community college districts and public university systems recorded a record high of \$30.2 billion in 2020. The past year marked the second year of declining issuance activity for educational facilities and recorded the lowest annual total issuance volume for the review period.

New money issuance by California’s K-12 districts and public college and university systems in 2022 represents the majority of total issuance activity (\$13.6 billion) for educational facilities, but was 9% lower than the prior year. Refunding issuance was 80% lower compared to the previous year and was the lowest recorded for the review period with \$3.23 billion (Figure 2). The rising interest rate environment of 2022 made refunding less feasible for issuers as rising rates made achieving cost savings much more difficult, especially given the elimination of tax-exempt refunding.

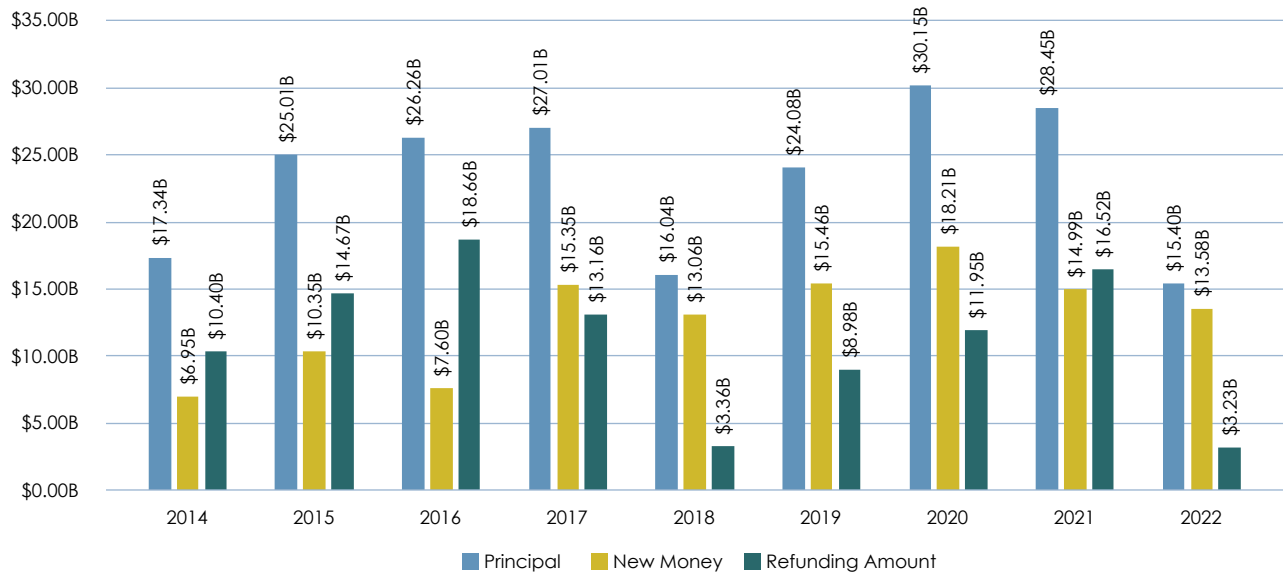
Issuance for the Regents of the University of California (UC) and the Trustees of the California State University (CSU) totaled about \$1 billion in 2022, 77% below UC and CSU issuance in 2021.

PRIVATE NON-PROFIT EDUCATIONAL USES. Debt issued to finance the educational facilities of private, non-governmental schools and higher education institutions in 2022 was \$1.6 billion, an 11% decrease from 2021 (Figure 3). Contrary to the trend in overall issuance for this year, new money increased from \$1.2 billion in 2021 to about \$1.5 billion in 2022, an increase of 22%. Refunding activity decreased from \$546 million in 2021 to \$243 million in 2022, a decline of 55%. Debt used for the facilities of these important private educational organizations and institutions is issued by conduit issuers. A conduit issuer is a governmental agency, such as a joint powers authority (JPA) or state financing authority, that issues debt on behalf of private, non-governmental borrowers, or obligors for eligible projects.⁴ The

⁴ California Debt and Investment Advisory Commission, *California Debt Financing Guide*, 3-32, (Sacramento: 2019), Accessed December 16, 2021, www.treasurer.ca.gov/cdiac/debtpubs/financing-guide.pdf.

Figure 2

TOTAL DEBT ISSUANCE, NEW MONEY AND REFUNDING, CALIFORNIA K-14, UC, AND CSU FACILITIES, 2014-2022*
ISSUANCE VOLUME IN BILLIONS

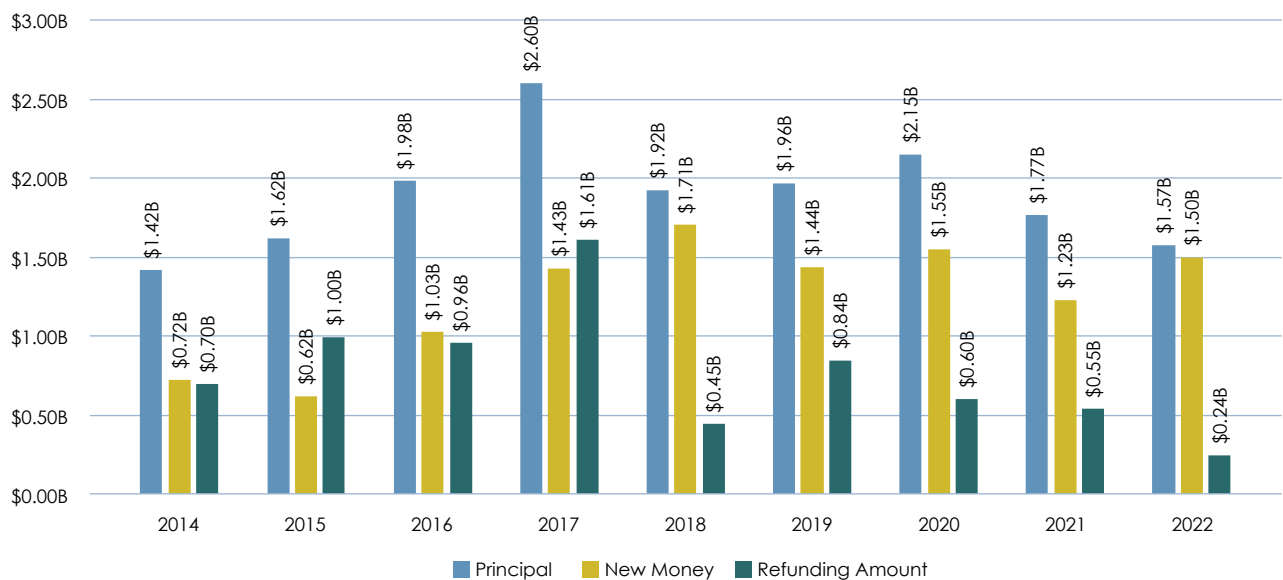


Source: CDIAC data reported as of 01/20/2023.

* Issuance totals for 2022 included in this article are not considered final because issuers have 21 days to submit reports of final sale to CDIAC. Late filings to CDIAC may not be included in the underlying data for this article.

Figure 3

TOTAL DEBT ISSUANCE ON BEHALF ON NON-GOVERNMENTAL BORROWERS, NEW MONEY AND REFUNDING, 2014-2022*
ISSUANCE VOLUME IN BILLIONS



Source: CDIAC data reported as of 01/20/2023.

* Issuance totals for 2022 included in this article are not considered final because issuers have 21 days to submit reports of final sale to CDIAC. Late filings to CDIAC may not be included in the underlying data for this article.

non-governmental borrower is solely responsible for repaying the debt.

A PREVIEW OF POTENTIAL TRENDS IN 2023

After several years of record issuance, 2022 marked the lowest level of volume issued for educational facilities since 2018. Public agencies in California issued record amounts of debt in 2020 and 2021. In 2021, total public debt issuance in California exceeded \$100 billion for the first time. Issuance activity in 2022 similarly hit a record low nationwide, with the lowest volume for the review period. Despite this, it is possible issuance for educational facilities could increase in 2023, with voter approval of school bonds in the Primary and General elections of 2022 - resulting in approximately \$20.7 billion in new school bond authority. Other factors that will possibly influence issuance activity for education facilities in 2023 include market volatility, potential recession, and Federal Reserve policy.

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 2023. DL

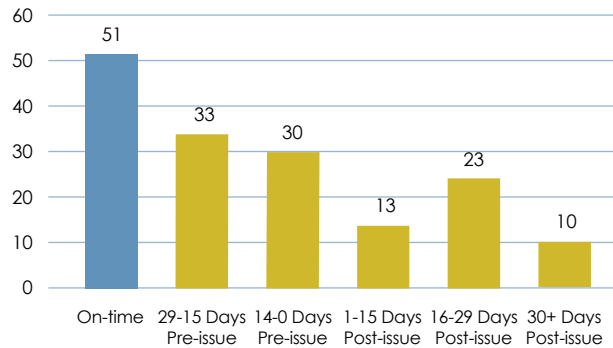
⁵ “2021 Debt Issuance Data,” California Debt and Investment Advisory Commission, *Debt Line* 41, no. 3, (2022):2, Accessed December 23, 2022, www.treasurer.ca.gov/cdiac/debt-pubs/2022/202203.pdf.

⁶ Lynne Funk, “Winding down a rough 2022 with higher hopes for 2023,” *The Bond Buyer*, December 20, 2022, Accessed December 27, 2022, www.bondbuyer.com/podcast/winding-down-a-rough-2022-with-higher-hopes-for-2023.

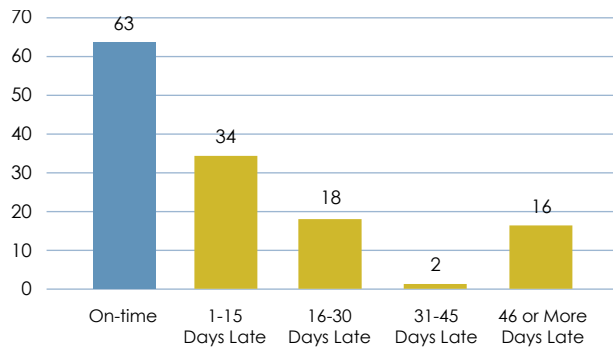
⁷ Jessica Lerner, “2022 issuance disappoints, dropping drastically from 2021,” *The Bond Buyer*, December 30, 2022, Accessed January 9, 2023, www.bondbuyer.com/news/2022-issuance-disappoints-dropping-dramatically-from-2021.

TIMELINESS OF SUBMITTAL OF REPORTS

REPORTS OF PROPOSED DEBT ISSUANCE (RPDI)¹ RECEIVED NOVEMBER 2022



REPORTS OF FINAL SALE (RFS)² RECEIVED NOVEMBER 2022



DATA UNIT ACTIVITY NOVEMBER 2022

- ✓ RECEIVED AND PROCESSED **160** RPDI
- ✓ RECEIVED AND PROCESSED **133** RFS
- ✓ RECEIVED **476** MARKS-ROOS YEARLY FISCAL STATUS REPORTS FOR FY 2021-22
- ✓ RECEIVED **50** MELLO-ROOS YEARLY FISCAL STATUS REPORTS FOR FY 2021-22
- ✓ RECEIVED **604** ANNUAL DEBT TRANSPARENCY REPORTS FOR FY 2021-22*

DL

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 1/6/2023, a total of 2,062 Annual Debt Transparency Reports had been filed for the FY 2021-22 reporting period.

CDIAC Unveils New Logo



CALIFORNIA DEBT AND INVESTMENT
ADVISORY COMMISSION

CDIAC is starting out 2023 with a new look! After celebrating 40 years in operation in 2022, CDIAC has a new logo that represents the fresh, modern approach CDIAC will apply to its work over the next 40 years. The design and colors of our logo reflect CDIAC's core service mission to the California public finance community. The shape of the logo shows two figures symbolizing debt and investments – the finance fields at the foundation of CDIAC's mission. The three colors represent CDIAC's three core disciplines: Data, Education and Research. CDIAC is focused at the intersection of the shapes to symbolize the application of its disciplines across both fields in service to its public finance constituents. **DL**

Regulatory Activity Calendar

DECEMBER 2022

13 The Municipal Securities Rulemaking Board (MSRB) filed a rule change with the Securities and Exchange Commission (SEC) to amend Rule A-12 that would extend the time period to January 31 of each year for regulated entities to annually affirm the information on Form A-12, the MSRB's consolidated electronic registration form. In addition, the proposed rule change requires the primary regulatory contact of a municipal advisor firm to be duly qualified as a municipal advisor principal by having taken and passed the Municipal Advisor Principal Qualification Examination (Series 54). [MSRB Notice](#)

14 The SEC proposed a Regulation Best Execution which would ensure brokers and dealers have policies and procedures in place concerning best execution. [Press Release](#)

16 The Federal Reserve Board adopts final rule that implements the Adjustable Interest Rate Act by identifying benchmark rates based on the Secured Overnight Financing Rate (SOFR) will replace the London Interbank Offered Rate (LIBOR) in certain financial documents after June 30, 2023. [Press Release](#)

19 SEC adopted amendments to Volumes I and II of the Electronic Data Gathering, Analysis, and Retrieval systems (EDGAR) Filer Manual and related rules and forms. [Final rule](#)

27 The expiration date of the MSRB's pandemic-related regulatory relief for individuals to satisfy professional qualification obligations for principal-level qualification by examination and certain continuing education requirements. Individuals had until December 27, 2022, to satisfy their professional qualification obligations. [MSRB Notice](#)

JANUARY 2023

17 Due date for responses to the MSRB's request for comment on draft amendments to [MSRB Rule G-32](#), on disclosures in connection with primary offerings, to clarify and streamline the timeline for underwriters to submit information on Form G-32. The draft amendments only address the timing for submission of the data on the form not the data collected. [Request for Comment](#)

20 Due date for comments on the Implementation Guide published by Governmental Accounting Standards Board (GASB). [Exposure Draft](#)

30 Comments due on MSRB's on draft amendments to [MSRB Rule G-3](#) to create an exemption for municipal advisor representatives from requalification by examination. The draft amendments would replace the provision on waivers in extraordinary circumstances that currently appears in Rule G-3. [MSRB Notice](#) **DL**

SAVE THE DATE

CDIAC Webinars, Seminars, and Conferences

JANUARY

JANUARY 25-26, 2023

In Partnership with the California Municipal Treasurer's Association
Public Funds Investment:
Strategy in Practice
Montebello, CA

www.treasurer.ca.gov/cdiac/seminars.asp

MARCH

MARCH 28-29, 2023

Municipal Market Disclosure:
Fundamentals and Evolving Practice
Folsom, CA

www.treasurer.ca.gov/cdiac/seminars.asp

Other Webinars, Seminars, and Conferences

JANUARY

JANUARY 25-27, 2023

California Association of Sanitation Agencies
Winter Conference
Palm Springs, CA

<https://casaweb.org/calendar/casa-events/>

JANUARY 31 - FEBRUARY 3

California Society of Municipal Finance Officers
Annual Conference
Sacramento, CA

www.csmfo.org/events/csmfo-annual-conference/

FEBRUARY

FEBRUARY 22-24, 2023

California Coalition for Adequate School Housing
Annual Conference on School Facilities
Sacramento, CA

<https://cashnet.org/page/AC-AnnualConference>

MARCH

MARCH 8-10, 2023

Government Investment Officers Association
Annual Conference
Las Vegas, CA

www.gioa.us

MARCH 9-10

National Association of Bond Lawyers
NABL U Presents: The Institute
Scottsdale, AZ

www.nabl.org

APRIL

APRIL 4-7

California Association of School Business Officials
Annual Conference
Long Beach, CA

www.casbo.org/learn-grow/events/annual-conference/

APRIL 11-13

California State Association of Counties
CSAC Legislative Conference
Sacramento, CA

www.counties.org/calendar-conferences-and-events/csac-legislative-conference-8

APRIL 19-21

National Association of Bond Lawyers
NABL U Presents: The Essentials
Baltimore, MD

www.nabl.org/Transfers/Calendar-of-Events

APRIL 26-28, 2023

California Municipal Treasurer's Association
Annual Conference
San Mateo, CA

www.cmta.org/events/EventDetails.aspx?id=1558050&group=

MAY

MAY 16-17

California Special Districts Association
CSDA Legislative Days
Sacramento, CA

<https://legislatedays.csdanet/home>

MAY 17-19

League of California Cities
City Attorney's Spring Conference
Monterey, CA

www.calcities.org/education-and-events/event/2023/05/17/default-calendar/city-attorneys-conference

MAY 21-24, 2023

Government Finance Officers Association
Annual Conference
Portland, OR

www.gfoa.org/future-gfoa-conferences

JUNE

JUNE 12-15

National Association of State Treasurers
Treasury Management Training Symposium
Portland, OR

<https://nast.org/conferences/2023-treasury-management-training-symposium/>

JUNE 13-16, 2023

California Association of County Treasurers and Tax Collectors
Annual Conference
Monterey, CA

www.cacttc.org/conferences

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.