



California State Treasurer
John Chiang



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101 MAIN ST
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INTERSECTIONS

A Monthly Go-To For Reliable Facts And Analysis
About California's Debt, Investments and Economy



Vol. 1, No. 1, Published May 8, 2015

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What Does It Cost for California to Borrow?

2.8% **3.1%** **4.0%**

Representative investment yield for 20-year, AAA-rated general obligation bonds, according to a major national market index.

Representative investment yield for 20-year, CA general obligation bonds.
(As of late April 2015)

Compared to a year ago
Representative investment yield for 20-year, CA general obligation bonds.
(As of late March 2014)

(As of late April 2015)

For every \$1 billion in bonds issued, CA will pay nearly \$30 million more in debt service over a 20-year period.

California investment yields are for A1-rated, tax-exempt 20-year bonds; national market index is for AAA-rated, tax-exempt 20-year bonds. All indicators are for bonds with 5% coupons and 10-year call options. Sources: Municipal Market Data, licensed data used with permission.

CA's Current Credit Ratings

(General Obligation)

Fitch: A+

Moody's: Aaa

S&P: A+

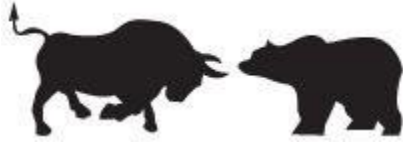
[More Info](#)

<p>Debt Issuance \$15.9 Billion During January-March 2015. All State and local issuances reported as of April 22. More Info</p>	<p>Investment Balance \$63.5 billion Pooled Money Investment Account total as of March 31. More Info</p>	<p>Deposits \$99.6 Billion Disbursements \$99.2 Billion During March More Info</p>
<p>Taxpayer Money Saved \$1.8 Billion From six refinancings orchestrated by Treasurer Chiang during February-April. More Info</p>	<p>Average Effective Yield 0.278% Pooled Money Investment Account as of March 31. More Info</p>	<p>Transactions Processed 6.2 Million Checks and other items presented by banks in March. More Info</p>

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Latest News: Summary of Borrowing Costs, Debt Issuance, Investments and Treasury Activities

[Borrowing Costs](#) | [Debt Issuance](#) | [Investments](#) | [Treasury Activities](#)



Because California's bond ratings remain lower than all but two states, investors demand higher yields, which translates into higher borrowing rates.

The State's most recent 20-year investment yield sits at 3.1 percent, higher than the 2.8 percent yield on a national index, a difference of 0.3 percent. (See [Figure 1](#).)

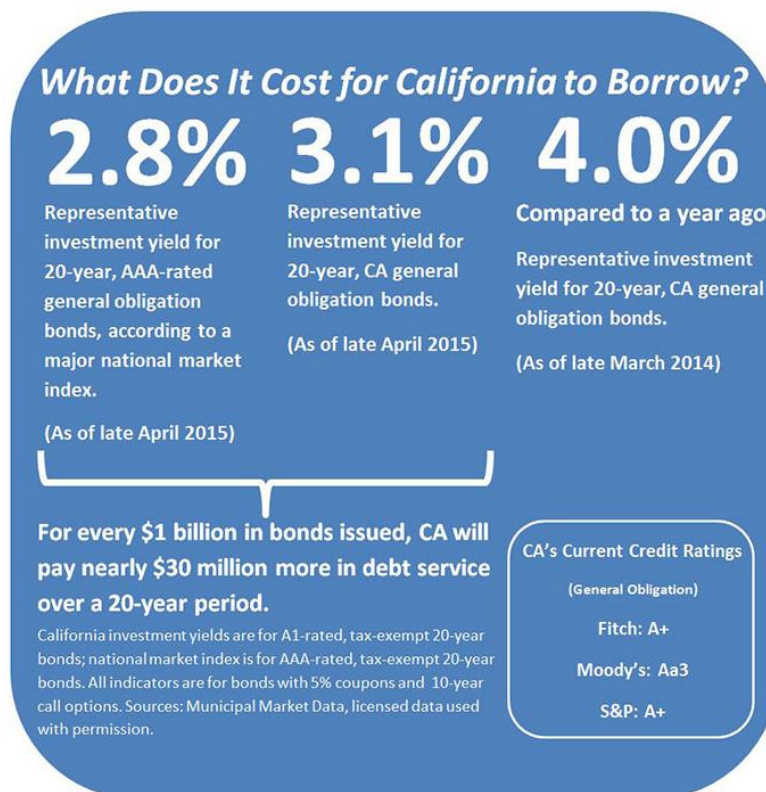
The difference between the two indices one year earlier was considerably wider: California's investment yield was 4 percent, while that same national index was at 3.48 percent, a difference of 0.52 percent.

The good news is that current yields demanded by investors in California bonds are sharply lower than they were a year ago, which means that the State's borrowing costs are also lower.

This is due to two factors:

- Interest rates in general have dropped nearly a full percentage point in the past year.
- Over the past 11 months, all three of the major ratings agencies have upgraded California's credit ratings. [See California's historical credit ratings](#).

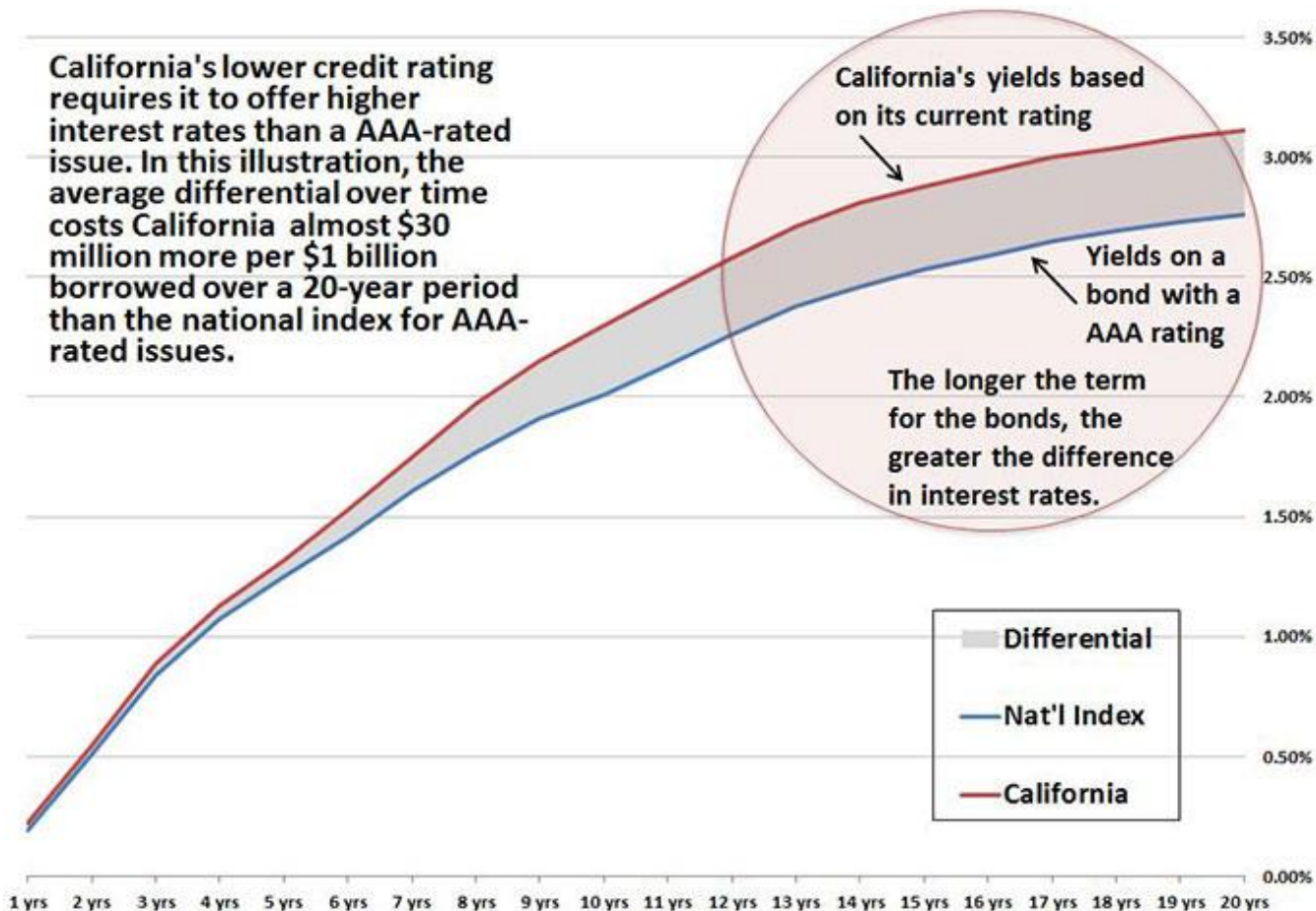
Figure 1: Borrowing Costs



What does higher investment yield mean for taxpayers?

In general, for every \$1 billion in bonds issued, the State will have to offer investment yields that will incur nearly \$30 million higher debt service amounts over a 20-year period compared to the national index of AAA-rated, tax-exempt bonds. (See [Figure 2.](#))

Figure 2: Comparing California's Borrowing Costs to a National Index

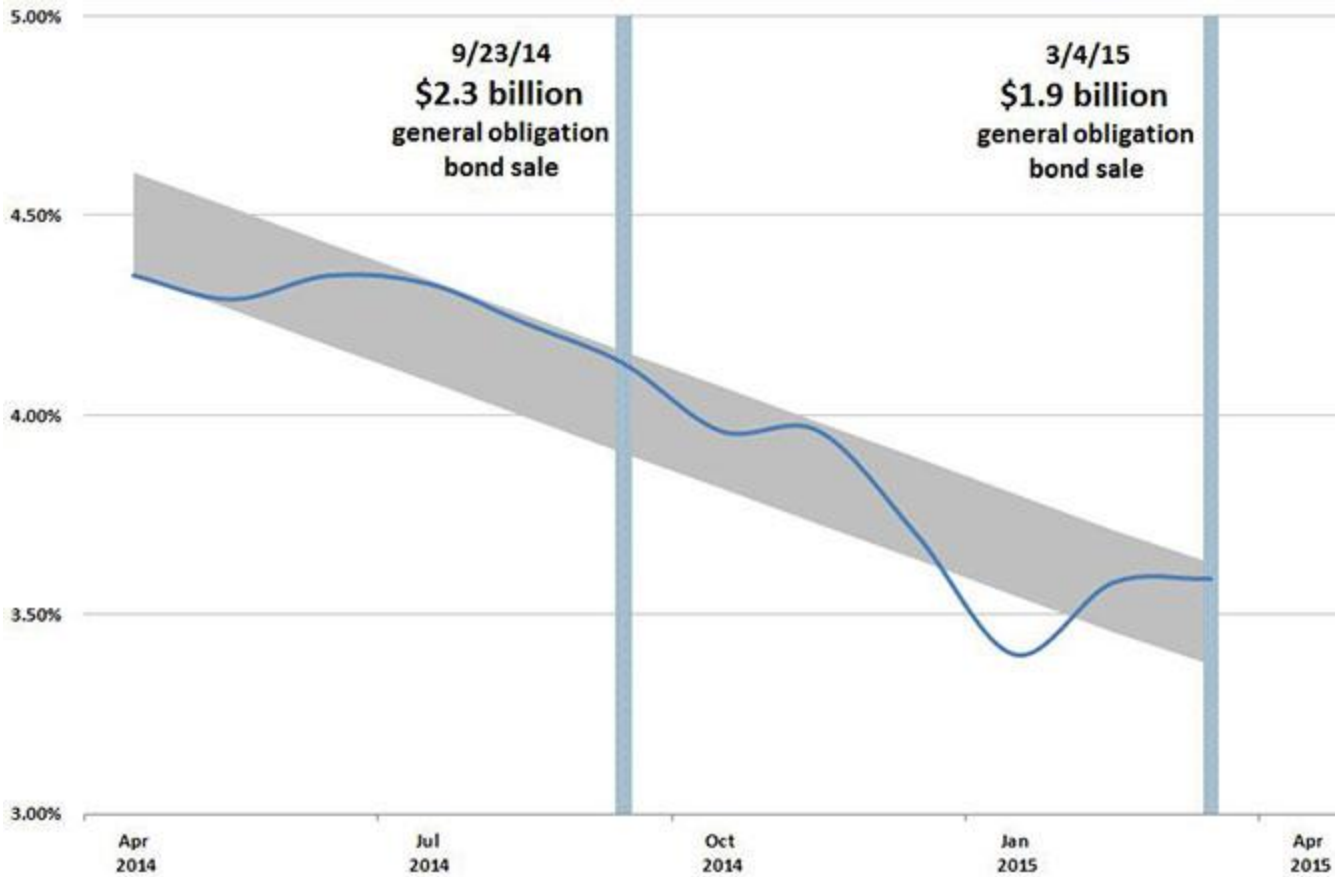


Source: Municipal Market Data

When it comes to understanding investment yields and borrowing costs, it helps to look at long-term trends.

For a California general obligation bond sale in September 2014, the State had to offer investment yields (i.e.: pay higher rates) almost 0.4 percent higher than the national index. For a general obligation bond sale in March 2015, that difference generally narrowed on bonds with longer maturities. Falling interest rates help California borrow at a lower cost. Figure 3, below, shows the one-year trend in another widely used index, the Bond Buyer 20-Bond Index, over the past year. California's two most recent offerings are shown as vertical bars.

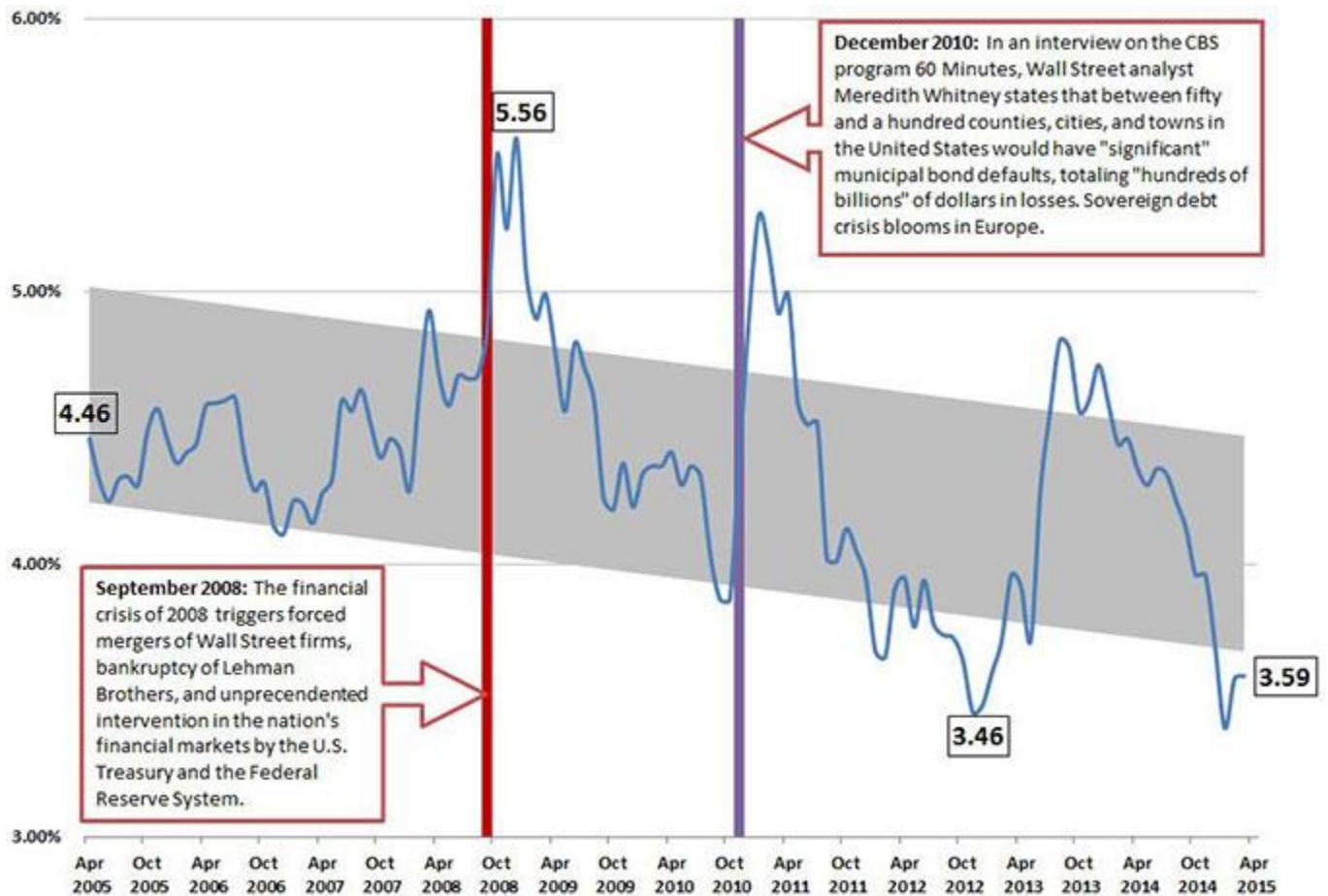
Figure 3: One-Year Trend of Interest Rates, Selected California Borrowings Shown as Vertical Bars



Source: Bond Buyer 20-Bond Index

Interest rates on State and local government bonds are lower than they were a decade ago. Figure 4 also uses the Bond Buyer 20-Bond Index, but over a longer 10-year period. Larger spikes and dips occurred along the way. The most notable spike occurred during the Great Recession. Note that yields are almost seven-eighths of one percent lower today than they were in 2005. But, there has been a swing of more than two percentage points from high to low over the period. Perhaps most significant is that we remain close to the 10-year low point. That's good news for California.

Figure 4: 10-Year Trend of Interest Rates on State and Local Government Bonds



Debt Issuance

California State and local governments issued a total of \$15.9 billion in debt during the first three months of 2015, a 38 percent increase from the same period in 2014, when \$11.5 billion in debt was issued, according to data received by the California Debt and Investment Advisory Commission (CDIAC) as of April 22.¹ (See [Figure 5](#).) Debt issuance volume tends to be relatively low in the first part of the calendar year. But this year, a high volume of refinancing debt (which lowers taxpayers' costs), coupled with the downward trend in rates, provoked an unusually high volume of new issues.

A total of \$9.1 billion in state and local debt issuance was reported for March 2015, a 98.6 percent increase from March 2014 (\$4.6 billion). (See [Figure 6](#).) A considerable part of this increase was directly attributable to the State and its agencies or related entities refinancing some of its outstanding bonds.

Of the \$9.1 billion issued, \$6.5 billion was issued by the State and its

**Debt
Issuance
\$15.9 Billion**

During January-March 2015;
All State and local issuances
reported as of April 22

agencies or related entities, while \$2.6 billion was issued by local entities. (See [Figure 7.](#))

So far in 2015, the Treasurer has carried out six different refinancings that will together save taxpayers more than \$1.79 billion over the life of the bonds.

Finally, it is likely that local governments are now experiencing the positive impacts of the recovery and increasing real estate values. In the aftermath of the Great Recession, many local governments curtailed their debt issuance as they worked hard to regain control of their budgets. Much of the recent activity by local governments may simply be catchup.

For the period from March 16 through April 15, a total of \$9.8 billion in debt final sale reports were received by CDIAC. (See [Figure 8.](#)) These are the top five areas of volume within the reported final debt sales:

- College, University Housing: \$2.2 billion
- Other Purpose: \$1.7 billion
- College, University Facility: \$1.7 billion
- K-12 School Facility: \$1.6 billion
- Public Transit: \$934 million

At this time of year, it's not surprising to see schools leading the way when it comes to issuances. The peak school facility construction season is just starting, and many issuers are looking to get their financing in order before breaking ground on projects. Others are possibly taking advantage of the low-rate environment.

¹ Issuers have 21 days from sale of the debt to report issuances. Since some data is reported late, the Treasurer's Office regularly updates monthly totals as more information becomes available.

Taxpayer Money Saved \$1.8 Billion

From six refinancings
orchestrated by Treasurer John
Chiang during February-April

Figure 5: Cumulative California Public Debt Issuance (In Billions)



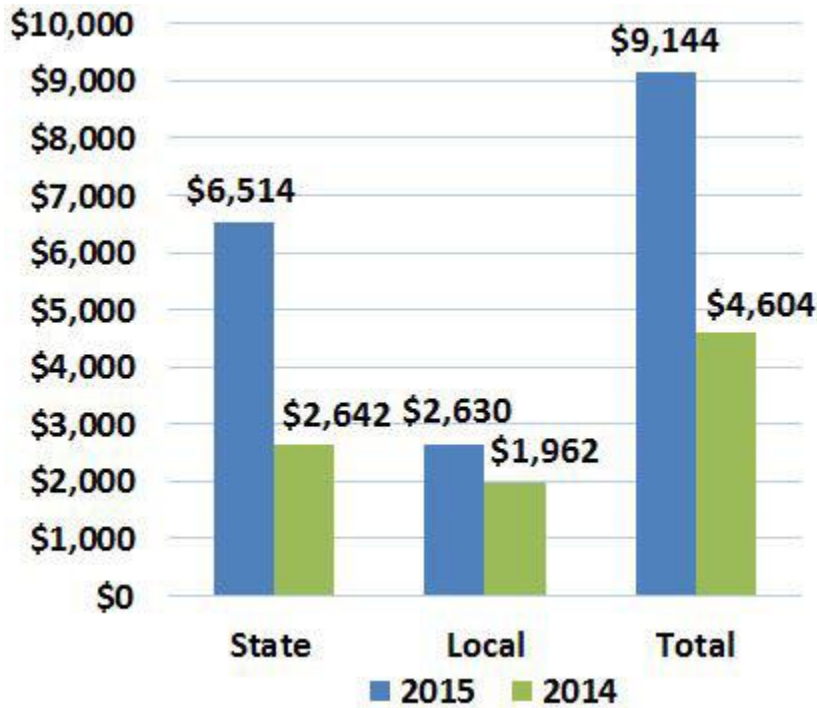
Source: California Debt and Investment Advisory Commission

Figure 6: California Public Debt Issuance, March (In Millions)



Source: California Debt and Investment Advisory Commission

Figure 7: State* Vs. Local Debt Issuance, March (In Millions)

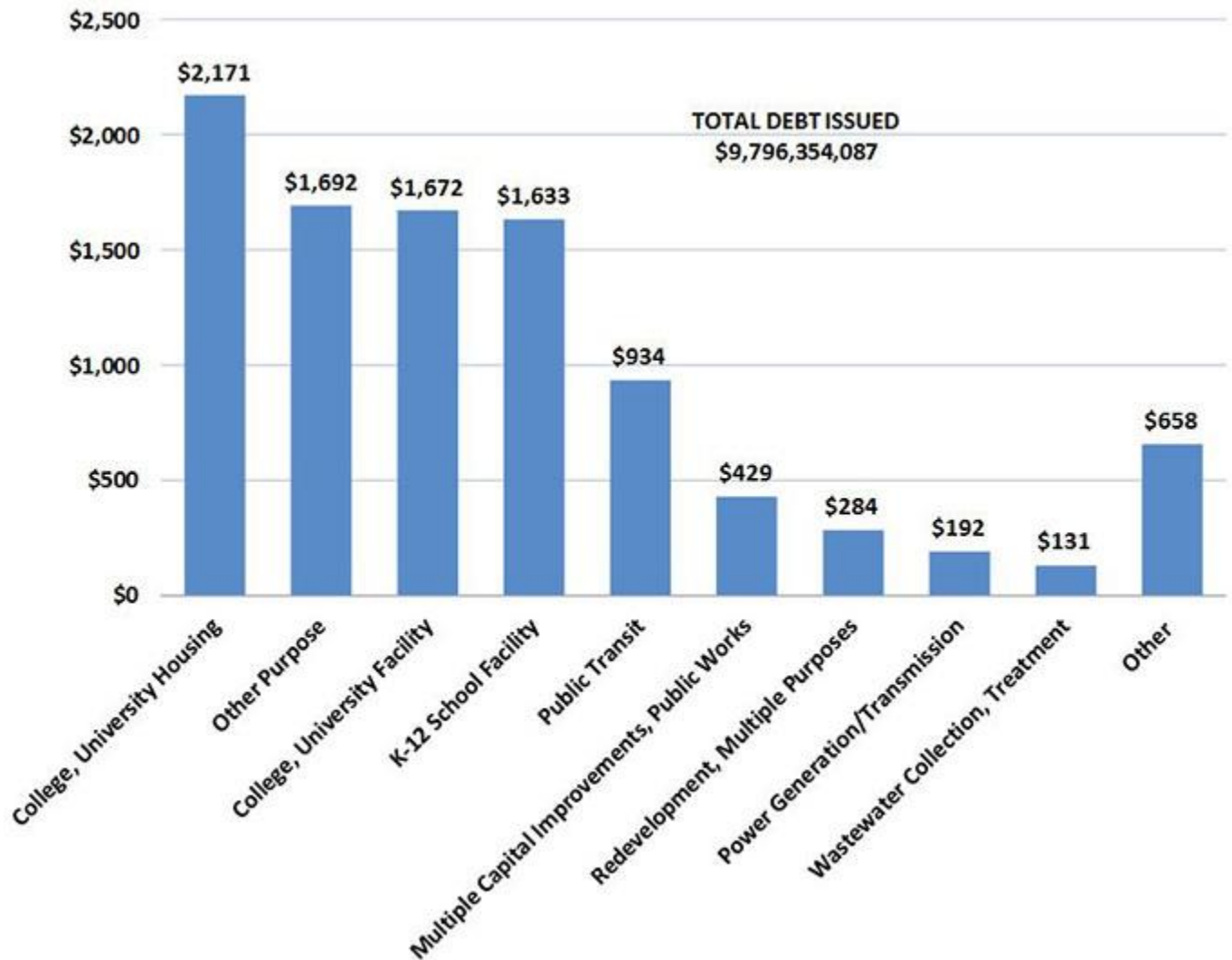


* State issuers include the State of California, its agencies, commissions, authorities, departments and The Student Loan Corporation.

Source: California Debt and Investment Advisory Commission

Figure 8: Total Reports of Final Sale Received

3/16/2015 Through 4/15/2015, By Purpose (In Millions)



Source: California Debt and Investment Advisory Commission

Read more about [debt issued so far this year](#). See the [calendar](#).

Investments

The Treasurer's Investments Division manages the State's excess or idle cash.

The Treasurer invests taxpayer money through the Pooled Money Investment Account (PMIA). This is a comingled pool with three primary sources of funds: the State's general fund, special funds held by State agencies, and money deposited by cities, counties and special districts in the Local Agency Investment Fund (LAIF).

**Investment
Balance**

\$63.5 billion

Pooled Money
Investment Account total
as of March 31

As of March 31, the PMIA balance was \$63.5 billion, with an average effective yield of 0.278 percent and an average life of 191 days. (See [Figure 9](#).) The average month-end balance in the PMIA since the beginning of the fiscal year has been \$58.222 billion.

The Treasurer's Office anticipates that the investment returns for the PMIA will continue to follow the market as shown in [Figure 10](#).

Because these funds may be required on very short notice, the investment objectives for the Pooled Money Investment Account are safety, liquidity and yield, in that order of importance.

The year-to-date earnings rate for the PMIA is 0.261 percent, which reflects the prudent investing of a short-term portfolio in this unprecedented low interest rate environment of the last seven years. As the Federal Reserve begins to raise interest rates, the PMIA is positioned to follow those moves.



Figure 9: Pooled Money Investment Account Stats as of March 31, 2015

Ending Portfolio

\$63.5 billion (See [Figure 11](#) for details.)

Average Workday Investment Activity

\$1.274 billion

Average Effective Yield

0.278 percent

Average Investment Life

191 days

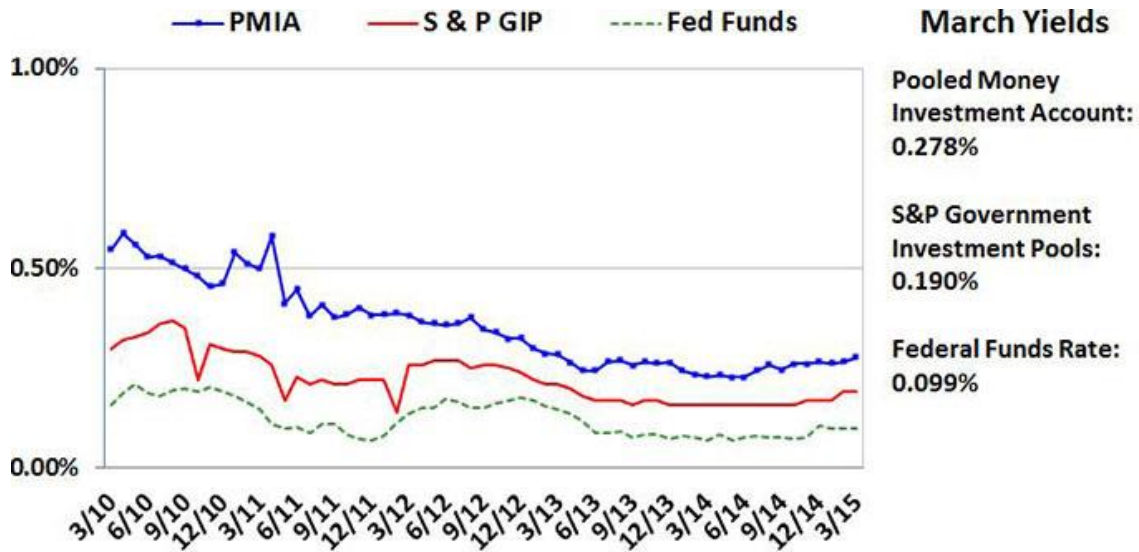
Local Agency Investment Fund Ending Portfolio

\$20.1 billion (2,507 participating agencies) (See [Figure 12](#) for details.)

Read more about the [Pooled Money Investment Account](#)

Figure 10: Average Monthly Yield Comparison

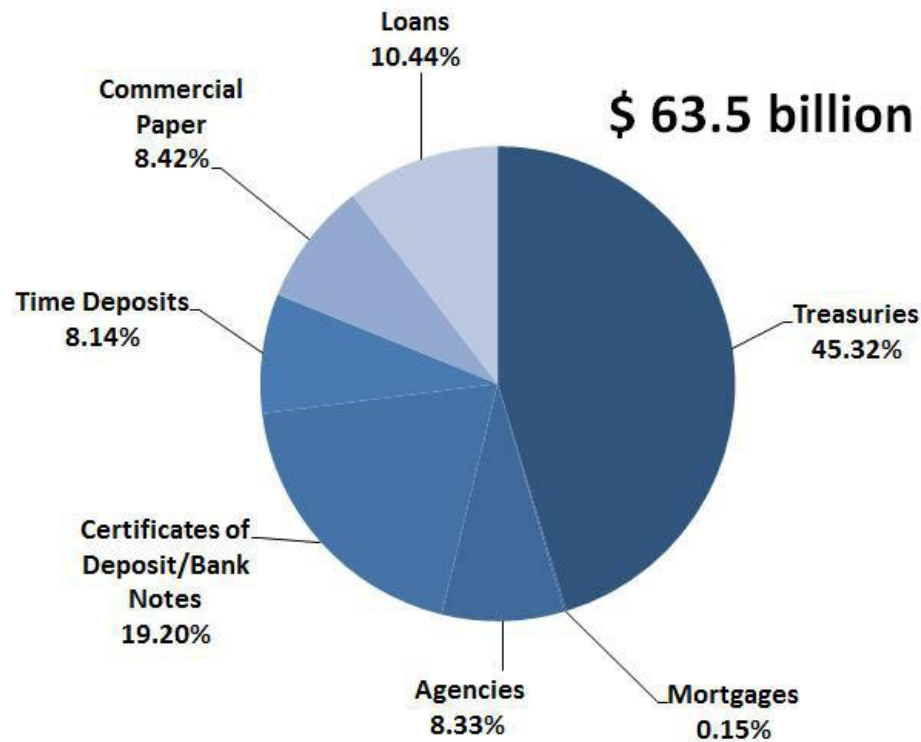
March 2010 Through March 2015



Source: State Treasurer's Office

Figure 11: PMIA Portfolio Composition - 3/31/15

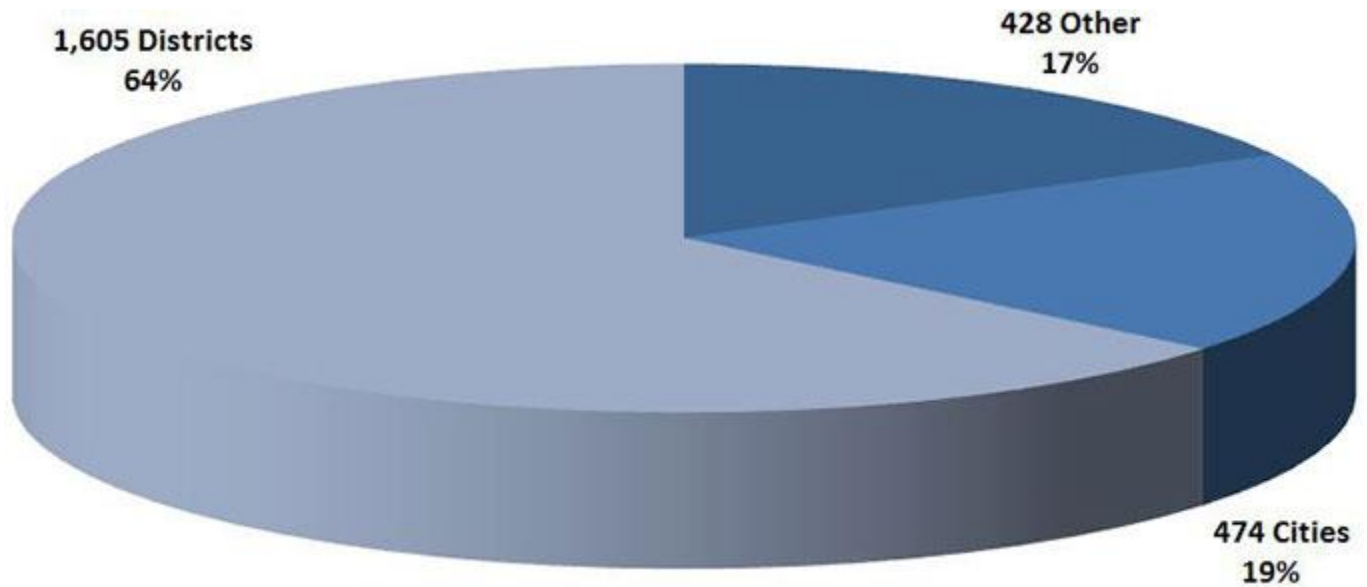
\$63.5 billion



Source: State Treasurer's Office

Figure 12: Local Agency Investment Fund

Participation as of 3/31/15: 2,507 Agencies



Source: State Treasurer's Office

Centralized State Treasury System Activities

The Treasurer's Centralized State Treasury System provides banking services for the overwhelming majority of State departments and agencies.

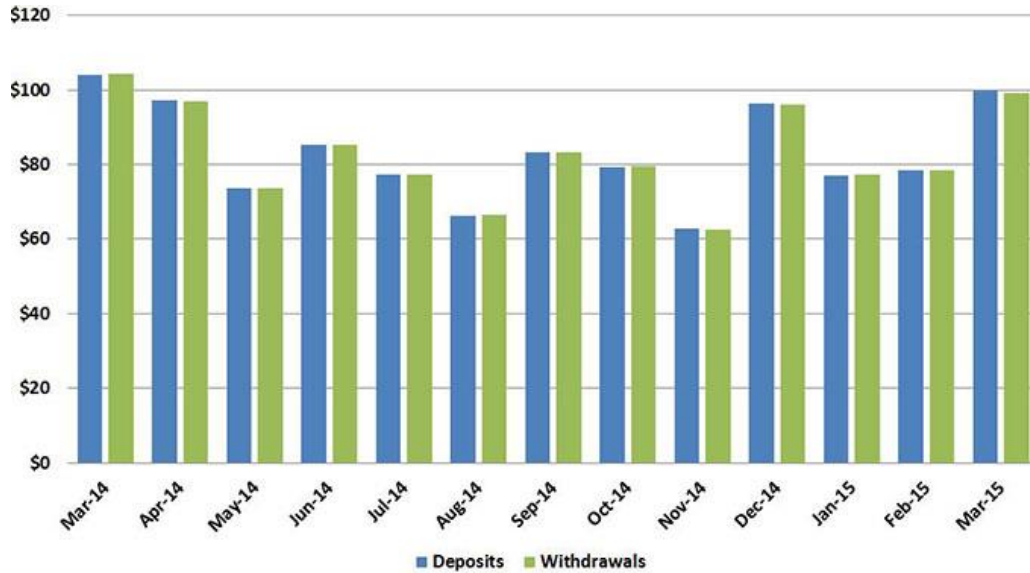
The system handles the flow of more than \$2 trillion per year in cash funds.

During March, deposits totaled \$99.6 billion, while disbursements totaled \$99.2 billion. (See [Figure 13](#).)

These amounts include all federal, State and local funds flowing through the Centralized Treasury System.



Figure 13: Deposits and Withdrawals By Month, March 2014-March 2015 (In Billions)

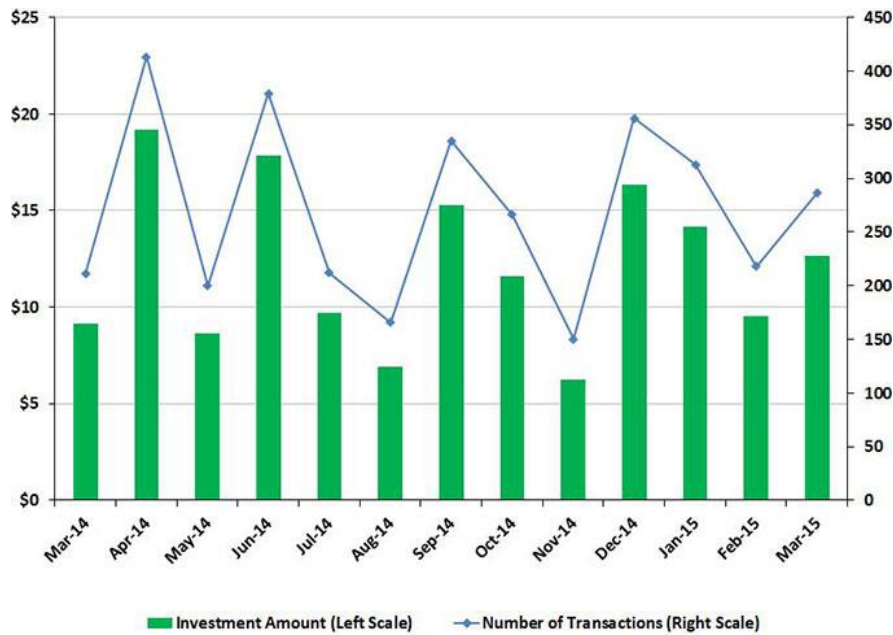


Source: State Treasurer's Office

The system also determines the amount of idle State funds available in the Pooled Money Investment Account for investment by the Treasurer's Investment Division. (These investments were discussed in the Investments section and are reflected in Figure 11.)

During March, total new and rollover investments reached \$12.6 billion. (See [Figure 14.](#))

Figure 14: Total Investments By Month, March 2014-March 2015



Source: State Treasurer's Office

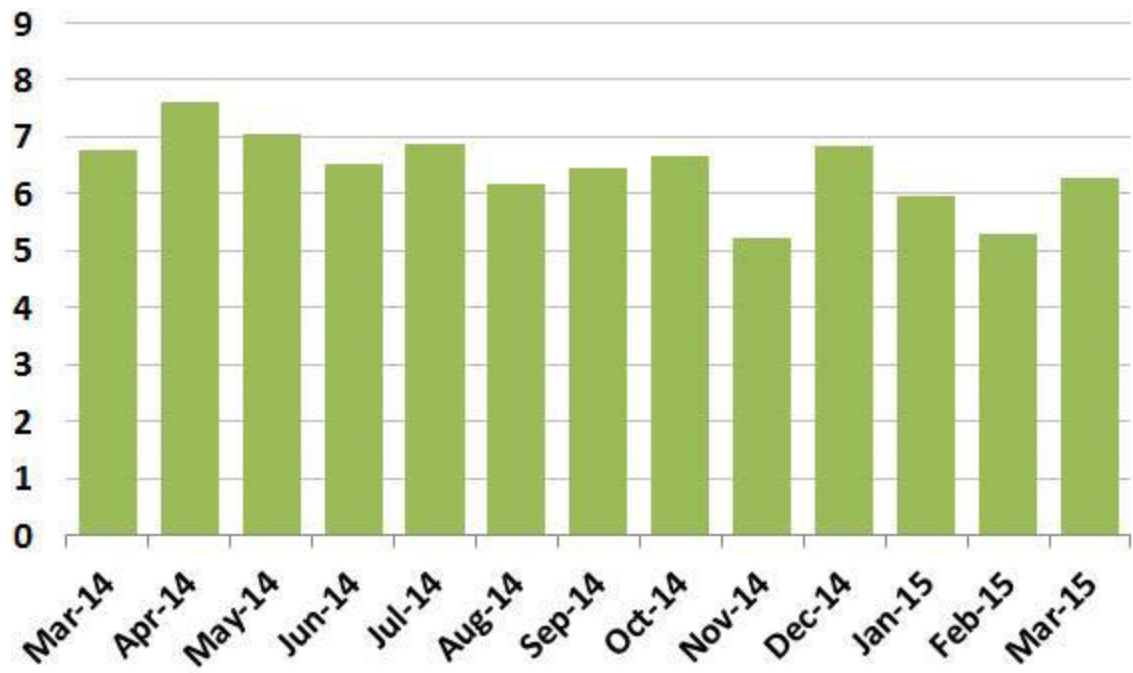
Each day, the system also processes hundreds of thousands of State transactions -- including department checks, State Controller's Office warrants, Women Infant Children (WIC) food instruments, Employment Development Department unemployment and disability checks - submitted by banks and other entities for payment.

During March, total items processed reached 6.2 million. (See [Figure 15.](#))

**Transactions
Processed
6.2 Million**

Checks and other items
presented by banks
in March

Figure 15: Number of Items Processed, March 2014-March 2015 (In Millions)



Source: State Treasurer's Office

The CalCheck Report: Update on California's Economic Health



By Lynn Reaser

California's economy continues to move forward as 2015 progresses. The recovery is both deepening and broadening. It is deepening in terms of large gains in jobs and falling unemployment and widening in terms of sectors and geographies.

California defied the national slowdown in job growth in March, posting another solid rise in employment and a drop in the unemployment rate. The state added nearly 40,000 jobs between February and March, putting the average gain during the first quarter also at 40,000. In the first quarter of 2014, job growth averaged 37,000.



On a year-over-year basis, California has outperformed the nation in terms of job growth for 37 consecutive months. (See [Figure 16](#).) In March, nonfarm payrolls were up 3.1 percent from a year ago versus the national gain of 2.3 percent.

The state's ongoing job gains are also allowing it to chip away at its jobless rate. In March, California's unemployment rate fell to 6.5 percent from 6.7 percent in the prior month. The jobless rate is now at the lowest level in seven years and is almost half the 12.2 percent peak reached in October 2010. (See [Figure 17](#).)

Job growth remains widespread across industries and sectors. March payroll jobs were up in all major sectors compared with February, except for information (such as newspaper publishing and telecommunications), financial services, recreation, and mining/logging. In contrast, sizable gains occurred in construction, manufacturing, business and professional services, retail and wholesale trade, transportation, and health care. (See [Figure 18](#).) Relative to a year ago, payrolls in all major sectors are up with the exception of mining and logging, which has been impacted by the drop in oil and commodity prices.

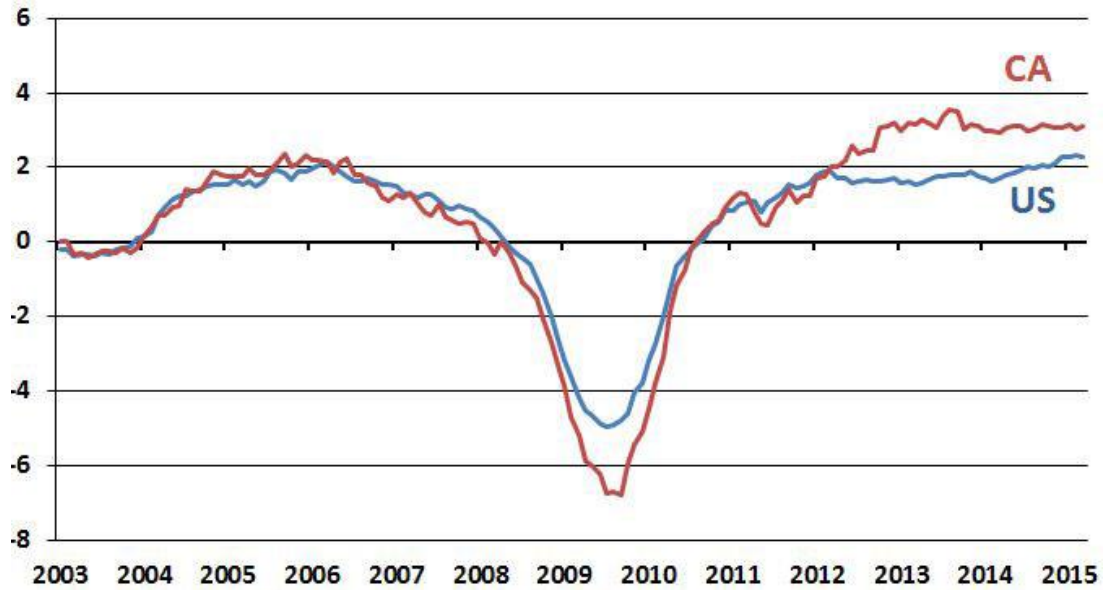
The end of port disruptions caused a significant rebound in support services for water transportation. After a loss of 1,900 jobs in the prior two months, employment in this sector jumped by 2,800 in March as shippers scrambled to catch up on backed-up cargos.

California continues to benefit from a special impetus from its sparkling technology cluster. Technology gains are spanning a wide range of jobs, including those involving various web applications, consumer electronics, wireless devices, biotech, environmental science, and transportation vehicles.

California's solid job gains are a sign that employers have regained considerable confidence to resume stronger hiring. (See [Figure 19](#).) These increases in turn should boost consumer optimism and spending, triggering a positive feedback cycle that should propel the economy further ahead.

Figure 16: California Outperforms the Nation

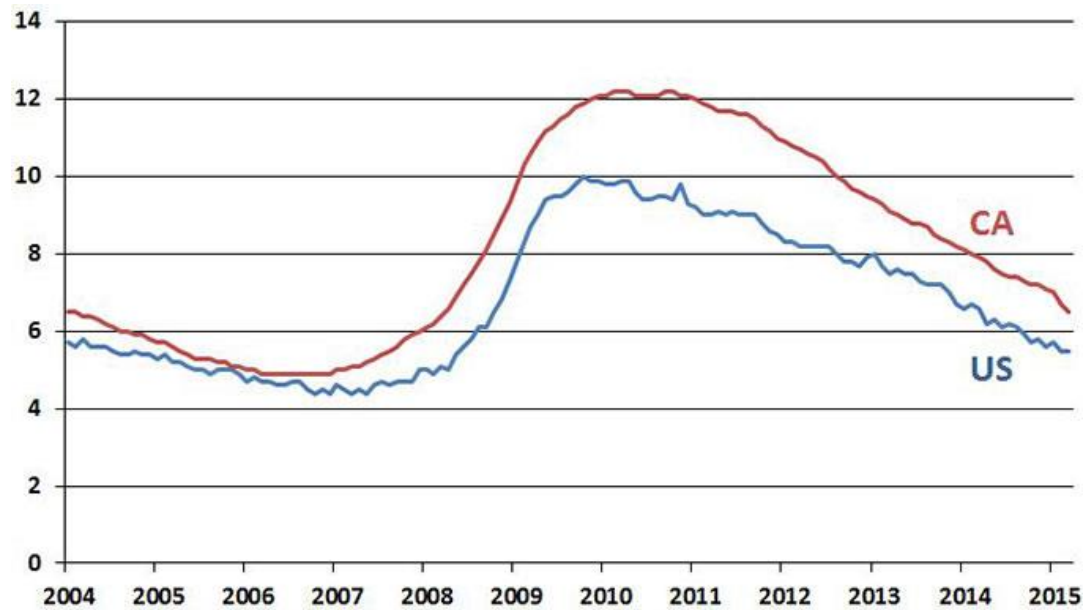
Nonfarm Employment, Percent Change Over Prior Year



Source: Fermanian Business and Economic Institute

Figure 17: California's Jobless Rate Declines

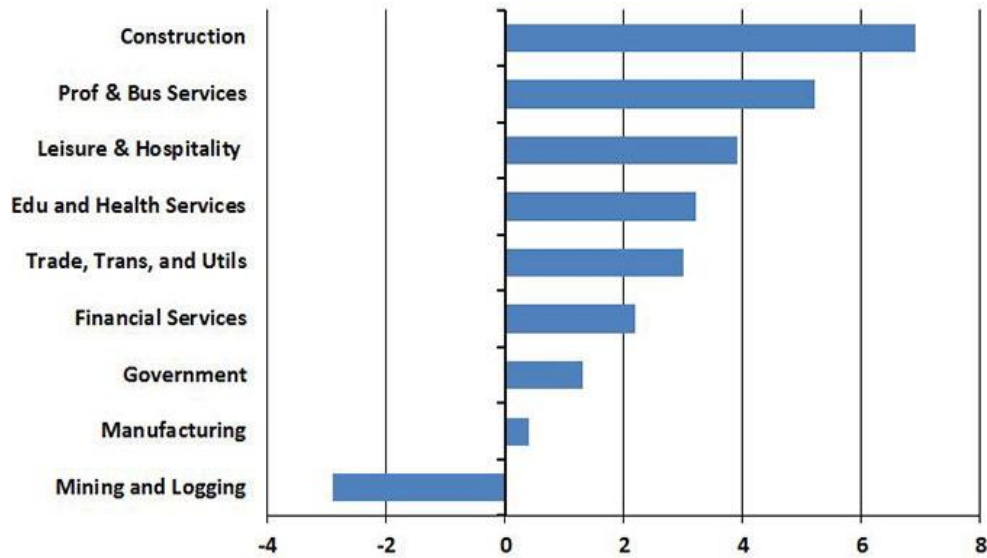
Percent, Seasonally Adjusted



Source: Fermanian Business and Economic Institute

Figure 18: New Jobs in All Major Sectors

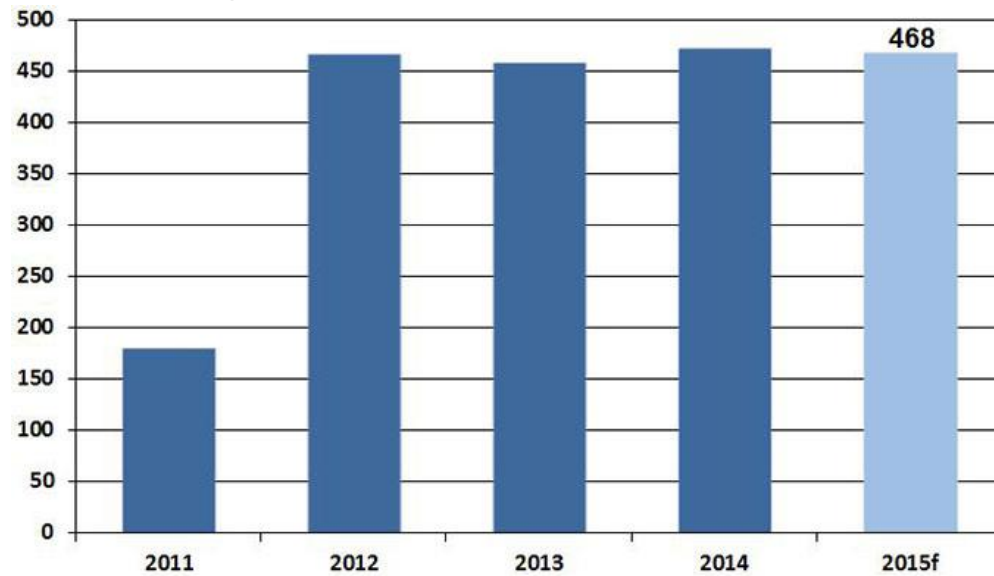
California Employment, March 2015, Percent Change Over Prior Year



Source: Fermanian Business and Economic Institute

Figure 19: California Hiring Expands

December Change Over Prior Year, Thousands



Source: Fermanian Business and Economic Institute

Lynn Reaser is chief of the Treasurer's [Council of Economic Advisors](#) and chief economist at the Fermanian Business and Economic Institute for Point Loma Nazarene University. The opinions in this article are presented in the spirit of spurring discussion and reflect those of the author and not necessarily the Treasurer, his office or the State of California.

California Job Tracker: 21 Metro Areas Recover Lost Jobs



By Lynn Reaser

California's economic recovery has continued to broaden and has now extended to 21 of the state's 28 major metropolitan areas.

In February 2014, California's job picture recovered to the pre-Recession peak seen in July 2007, according to recently revised data. Eight more metro areas joined in the recovery trend during 2014.

The large Santa Ana-Anaheim-Irvine metropolitan division (Orange County) was the latest region to catch up with its prior high in March of this year.

The 21 areas that have fully recovered their Pre-Recession highs account for 85 percent of California's current nonfarm payrolls. Recent data revisions reflect the annual recalculation of job totals to capture the actual total number of individuals on companies' payrolls in contrast to the sample-based employment counts issued each month during the year.

The 21 metropolitan areas include a diverse group. San Francisco, San Jose, and San Diego represent the impact of the surge in technology. The membership of Santa Barbara and San Luis Obispo demonstrates the rebound in prime coastal locations. The recovery of Los Angeles County and the Inland Empire (Riverside-San Bernardino) shows the diversity of the recovery among various industries, while Orange County's rebound underscores the comeback in housing and real estate.

Despite the ongoing constraints of the drought, some of the state's key agricultural areas have also recovered. These include El Centro, Fresno, Merced, Modesto, Salinas, Napa, and Bakersfield. Bakersfield (Kern County) has also been boosted by the surge in oil exploration and development, although the precipitous drop in oil prices is already starting to weigh on the area's job performance.

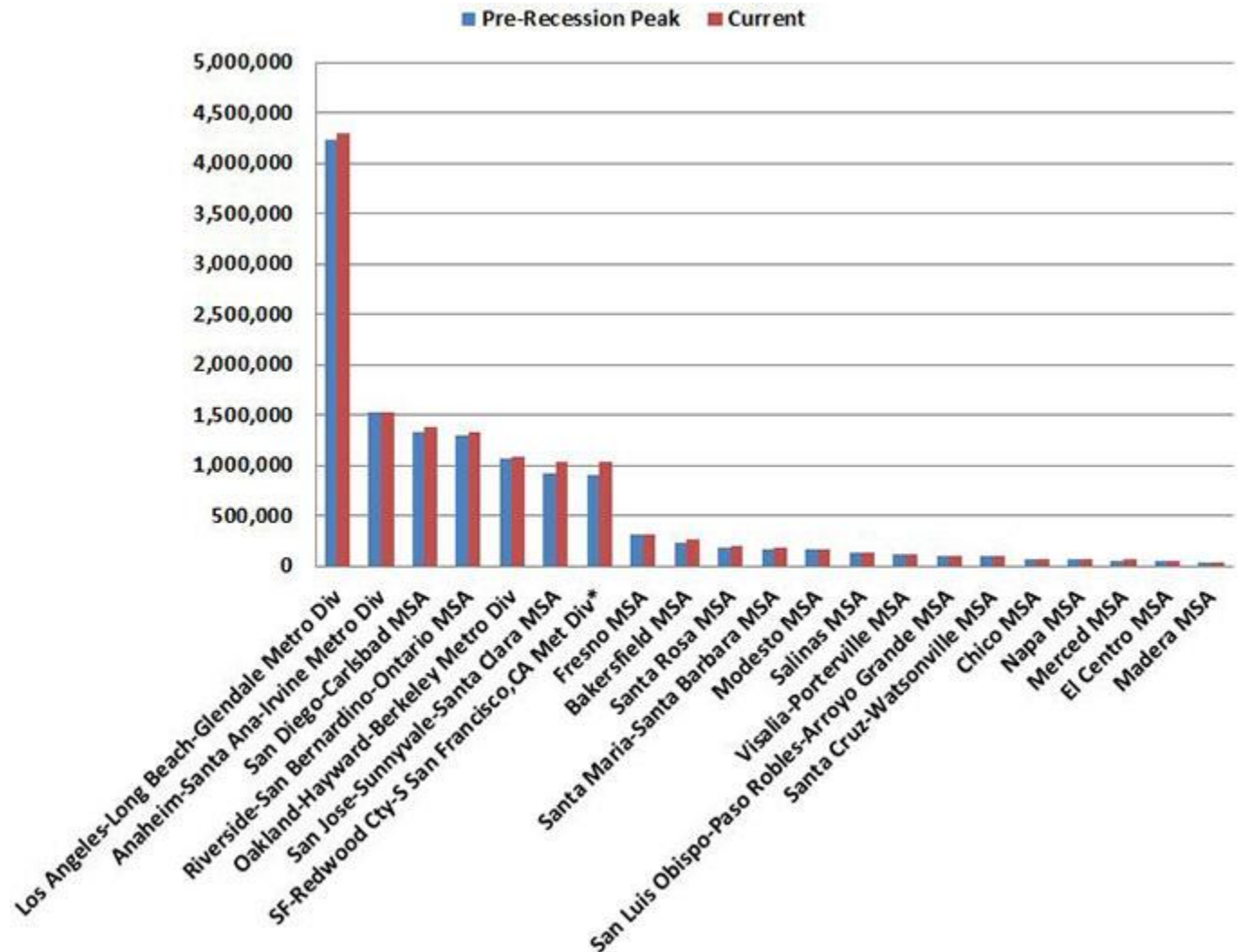
The dates of the Pre-Recession peaks varied across the 2006-08 timeframe. Collectively, the 21 metropolitan areas have now added 456,000 jobs relative to their prior employment highs. The San Francisco-Redwood City-South San Francisco area has led with a job gain of approximately 122,000. San Jose has followed with a net growth of 115,000 positions.

Certain parts of the state still have not caught up with their Pre-Recession highs. The Sacramento metropolitan statistical area (MSA) and the Oxnard-Thousand Oaks-Ventura MSA (Ventura County) are still about five and 10 months, respectively, from reaching their Pre-Recession peaks (assuming job growth equal to the average of the past 12 months). Other lagging areas include the mostly rural regions of Yuba City, Vallejo, Stockton, Hanford, and Redding.

It should be noted that just catching up to the Pre-Recession peaks is by no means sufficient as most areas have experienced further gains in their populations over the past several years and therefore need even more job gains. Nevertheless, these recovery benchmarks are important to California and illustrate the diversification of its upswing.

Figure 20: Regions Where Job Recovery Has Met Pre-Recession Peak

(Nonfarm Employment, Seasonally Adjusted)



*Data for the San Francisco-Redwood City-South San Francisco Met Div is not seasonally adjusted.

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Fermanian Business and Economic Institute

See raw data: [Employment numbers by region.](#)

Lynn Reaser is chief of the Treasurer's [Council of Economic Advisors](#) and chief economist at the Fermanian Business and Economic Institute for Point Loma Nazarene University. The opinions in this article are presented in the spirit of spurring discussion and reflect those of the author and not necessarily the Treasurer, his office or the State of California.

Connecting the Dots: Global and National Forces Impacting California

May 2015

Global Factors



By Lynn Reaser

If California were a separate nation, it would be among the top 10 economies in the world. Its scale and role mean that it is both large enough to have a significant effect on the rest of the world and to be significantly buffeted by global events. Developments on three fronts have been especially important for California so far in 2015: oil prices, Europe, and the dollar.

After peaking at around \$107 a barrel in June 2014, oil prices in terms of the West Texas Intermediate (WTI) benchmark spent much of the first quarter at \$50 a barrel or below before firming modestly to around \$58 a barrel by the end of April. (See [Figure 21.](#)) With storage facilities full, prices are likely to stay depressed through the spring until summer driving demand begins to pick up. An acceleration in U.S. output, accompanying the explosion of hydraulic fracturing (“fracking”), combined with a slowing in worldwide economic growth and energy demand, has driven prices downward. OPEC (Organization of Petroleum Exporting Countries) has indicated that it is unwilling to cut production, but will essentially wage a “price war” with U.S. producers.

Signs have now emerged that companies are cutting back oil exploration and development budgets, especially for higher cost or riskier ventures. Downward adjustments of future supply forecasts may nudge oil prices toward around \$65 a barrel by the end of the year. Gasoline prices in California have recently moved higher, although most of the rise has been due to seasonal refinery changes to summer fuel blends. Oil and gasoline prices remain sharply down from year-ago levels, and that trend is likely to persist through 2015.

Greece has moved once again onto center stage in Europe as the new leftist Syriza government has pushed back against the austerity demanded by the “troika” granting it emergency funds: the International Monetary Fund, the European Commission, and the European Central Bank. A virtual standoff has emerged between the Greeks and other European leaders, with neither side wishing to back off from their positions. In the end, a compromise is likely, extending limited lending from the Europeans in exchange for some commitment of financial and economic reform from the Greeks. While Europe is better prepared than five years ago to possibly endure a Greek exit from the Eurozone, no one is certain of the damaging ripple effects that might occur through the banks and the financial system. For California, European stability is important since the Eurozone is the state’s second largest trading partner, following only Mexico.

The U.S. dollar has soared as the American economy outperforms others. (See [Figure 22.](#)) The Federal Reserve appears likely to tighten monetary policy while most other central banks either ease further or maintain highly expansionary trends. Although recent softer U.S. data has brought the dollar down slightly, it is up 12 percent from a year ago versus currencies of America’s primary trading partners. The stronger dollar will make it more difficult to sell into many foreign markets, raise competition from imports, and hinder foreign tourism. At the same time, a stronger dollar will benefit many California companies dependent on imports for products, parts, and supplies.

National Drivers

California is responsible for more than 12 percent, or approximately one of every eight dollars, of the total value of output produced nationally. The state thus contributes to and is heavily influenced by national trends. While recent U.S. growth numbers have been erratic and inflation exceptionally low, national economic trends still appear favorable for the state.

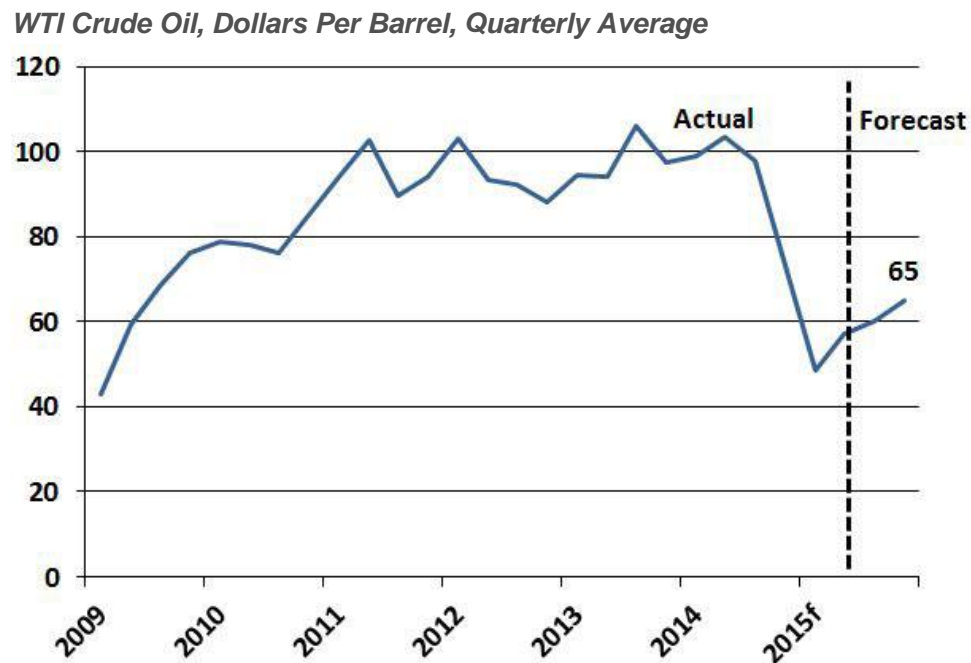
U.S. real gross domestic product (GDP) increased at an annual rate of only 2.2 percent in the fourth quarter and came to a virtual halt in the first quarter of 2015. Growth in the prior two quarters had averaged close to 5.0 percent.

Harsh weather depressed economic activity, while the dollar's strength weighed on exports and lower oil prices dampened capital spending. As the year progresses, energy savings and further job gains should boost household spending. Consumer spending should be joined by gains in business investment, homebuilding, and nonresidential construction, along with a modest pickup in government spending, to further lift economic growth. As a result, look for national real GDP growth to move above 3.0 percent by the second half of the year. (See [Figure 23.](#))

Inflation, as seen in the rise in consumer prices, has fallen well shy of the Federal Reserve's target of 2.0 percent for the last four years. (See [Figure 24.](#)) The plunge in oil prices pushed down the year-over-year change in consumer prices to -0.1 percent in March. Excluding food and energy, consumer prices were up 1.8 percent from a year earlier. While some of the drop in oil prices and the dollar's upswing may feed through to the underlying inflation rate, the impact should be limited as both oil prices and the dollar eventually stabilize or reverse course. There are also few signs that either households or businesses believe that deflation will set in, which would cause them to defer spending and investment plans with adverse economic repercussions.

On balance, a backdrop of improving economic growth in the U.S. and abroad, along with modest but firming inflation, bode well for California's economy in 2015.

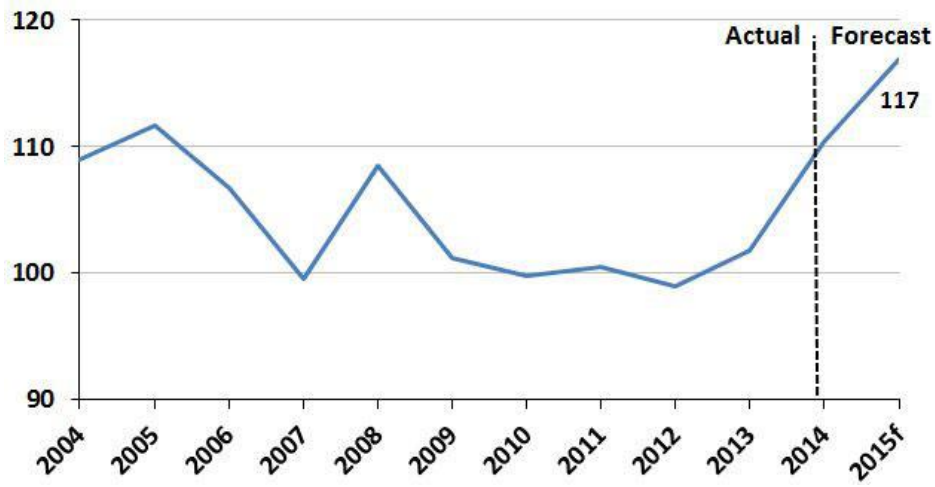
Figure 21: Oil Prices Plunge



Source: The Fermanian Business & Economic Institute

Figure 22: Greenback in Demand

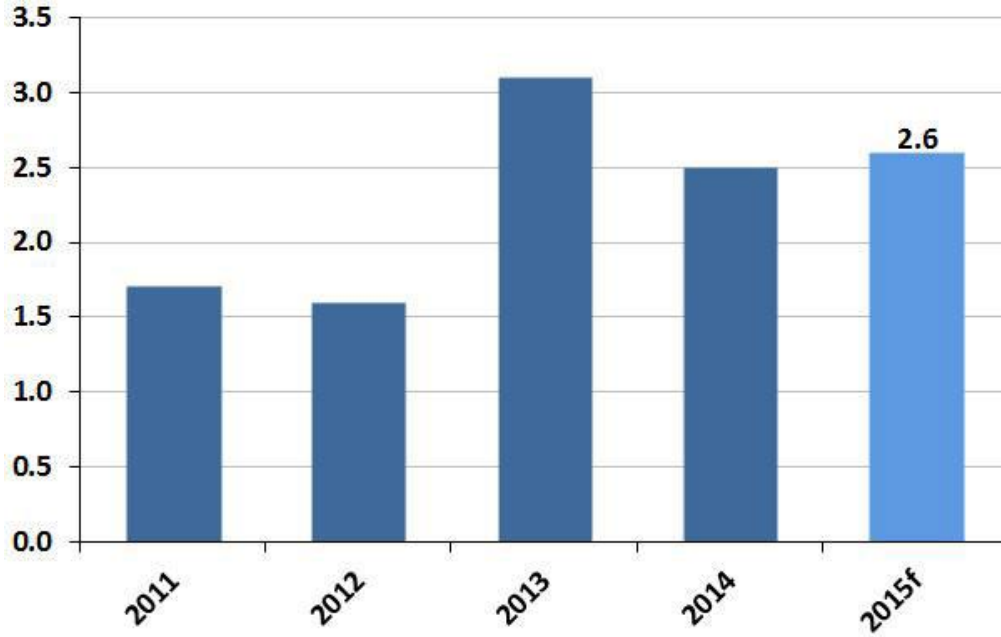
Broad Trade-Weighted Index, Jan. 1997=100, Dec. Average



Source: The Fermanian Business & Economic Institute

Figure 23: U.S. Real GDP to Gain Momentum

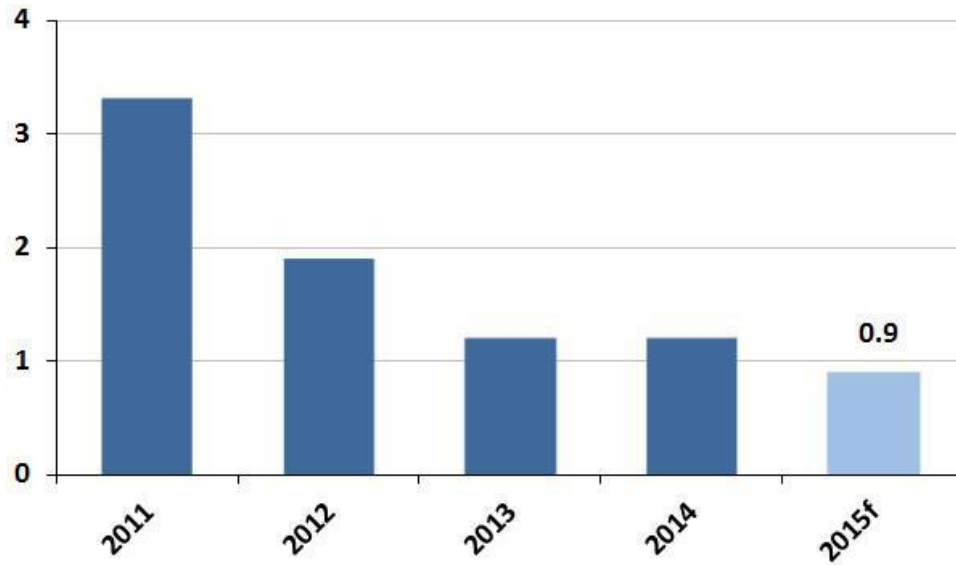
4th Quarter, Percent Change Over Prior Year



Source: The Fermanian Business & Economic Institute

Figure 24: Consumer Prices Tepid

4th Quarter, Percent Change Over Prior Year



Source: The Fermanian Business & Economic Institute

Lynn Reaser is chief of the Treasurer's [Council of Economic Advisors](#) and chief economist at the Fermanian Business and Economic Institute for Point Loma Nazarene University. The opinions in this article are presented in the spirit of spurring discussion and reflect those of the author and not necessarily the Treasurer, his office or the State of California.

Guest Column

The Secret Password for California? Open Data

By Jason Barrett, Kevin Klowden and Ross DeVol



California is known for technological innovation. Netflix, Google and Apple (among hundreds of other pioneering companies) were founded here, the state has six of the top 25 technology clusters in the country and is home to the world leader — Silicon Valley. So why, then, does it find itself looking up at many other states when it comes to creating a cohesive open-data

policy?

As explained in new Milken Institute report, [“Open Data in California: Why the State Needs a Unified Strategy for Public Information,”](#) the State of California’s delay in formalizing a statewide open-data strategy puts it at risk of falling behind other states that are realizing the economic benefits of having one. At present, each individual State agency follows its own standards for publishing data and the lack of a consistent and transparent policy creates confusion. To maximize ease of use for both users and agencies, the State must develop a uniform strategy that dictates how and when machine-readable data is published by its agencies.

Open data is, in short, knowledge. Government agencies collect and archive a staggering amount of data every day on everything from traffic patterns to budget allocations, and usually that data, once it serves its immediate purpose, is stored away in databases and digital archives to collect virtual dust.

But imagine if instead that data was easily accessible and comprehensible. A Silicon Valley entrepreneur, for example, could use those traffic patterns and budget figures to develop software for adjusting traffic–light patterns that reduce the average commute by 10 minutes and save the State millions in road maintenance. Not only are such ideas possible with open data, they are inevitable. And the potential economic and government effectiveness benefits are astounding.

California businesses are already taking advantage of online open-data portals created by cities and counties that have established their own policies. The Open Data 500 cites California as home to 132 of the Top 500 companies that use open government data to generate business and develop products. Clearly, cities, counties and businesses around the state have recognized the economic impact of open data — it’s time for the State of California to follow suit.

Further, entrepreneurs aren’t the only ones who stand to benefit from an open-data policy in California. Through open-data initiatives, State officials could improve their relationship with the general public by offering a window into budgetary issues, State operations and other areas that will improve trust in government.

A few forward-thinking legislators are pushing California to open-data modernization. Two bills would mandate the creation of a state level Chief Data Officer. Another requires all California cities to inventory their available data sets. These bills are important first steps, but there are additional components, such as formatting standards and dataset prioritization, that are needed to create an effective policy.

With the combination of a massive push to publish useful State datasets and the power of California’s innovative workforce, the possibilities of open data are virtually limitless.

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50 Good Reasons to Start a ScholarShare Account on May 29

There are many good reasons to start saving for college.



On May 29 only, ScholarShare will offer 50 additional reasons: a \$50 match to anyone who opens a 529

College Savings Account with a \$50 deposit and a commitment to contribute \$25 per month.

Contributions may be made any time from 12:01 a.m. to 11:59 p.m. (PST) to be eligible for the match.

The promotion, which falls on National 529 Day, aims to educate the public about ScholarShare, which is administered by the State Treasurer's Office.

Since its launch in 1999, ScholarShare has grown to more than 260,000 accounts with more than \$6.3 billion in total plan assets. More importantly, ScholarShare has helped families meet their higher education needs with nearly \$300 million withdrawn by families in 2014 for qualified higher education expenses.

Named after Section 529 of the Internal Revenue Code that was created by Congress in 1996, 529 savings plans provide families with an investment tool that offers a diverse set of investment options, tax-deferred growth, and withdrawals free from state and federal taxes when used for qualified higher education expenses, such as tuition and fees, books, certain room and board costs, and other required supplies.

Concerned by the mounting financial strain placed on young professionals, states began as early as 1988 to develop innovative programs designed to help families and students save for their college education.

Today, 49 states and the District of Columbia offer Section 529 college savings plans and nearly 12 million families have saved more than \$240 billion. Additionally, more than one million students nationwide have used these programs to help pay for their college education.

529 savings plans are more important than ever before. Over the past 40 years, college tuition rates have been consistently increasing at two to three times the rate of inflation each year. During this same period of time, federal financial aid funding has shifted away from student grants towards guaranteed student loans. Today, nearly 60 percent of all federal financial aid is in the form of loans, substantially increasing the number of college graduates faced with the burden of repaying enormous student loan debt upon entering the workforce.

Further, state support for public colleges and universities has fallen over the past decade, due primarily to the recent recession and budgetary shortfalls. As a result, public colleges and universities across the country are now receiving more funding from students in the form of tuition than direct support from states, according to a 2014 Government Accountability Office study.

Therefore, it is critical that we continue to raise awareness among California families of all income levels about the importance of saving for college and the significant role that 529 savings plans can play in that process.

Interested investors should consider investment objectives, risks, charges and expenses before investing in the ScholarShare College Savings Plan. Please visit www.ScholarShare.com or call 1-800-544-5248 for a Plan Disclosure Booklet with this and more information. Read it carefully. For details on the \$50 match promotion, visit www.scholarshare.com/529day.



SCHOLARSHARE

CALIFORNIA'S 529 COLLEGE SAVINGS PLAN

Top 10 Upcoming Bonds Sales

(Ranked by Size)

Proposed Sale Date*	Issuer	Debt Type	Purpose	Principal*
5/28/2015	Riverside	Public enterprise revenue bond	Wastewater Collection, Treatment	\$280,000,000.00
5/07/2015	Fremont Union High School District	General obligation bond	K-12 School Facility	\$200,000,000.00
5/13/2015	Los Angeles	Public enterprise revenue bond	Wastewater Collection, Treatment	\$164,275,000.00
6/03/2015	Successor Agency to the Poway Redevelopment Agency	Tax allocation bond	Redevelopment, Multiple Purposes	\$157,500,000.00
5/14/2015	Santa Clara Unified School District	General obligation bond	K-12 School Facility	\$140,700,000.00
5/14/2015	Santa Clara Unified School District	General obligation bond	K-12 School Facility	\$125,000,000.00
6/24/2015	San Jose-Evergreen Community College District	General obligation bond	College, University Facility	\$100,000,000.00
5/13/2015	Los Angeles	Public enterprise revenue bond	Wastewater Collection, Treatment	\$98,000,000.00
5/28/2015	California Infrastructure and Economic Development Bank	Infrastructure State Revolving Fund Revenue Bonds, Series 2015	Revolving loan fund	\$92,000,000.00
5/19/2015	Tustin Unified School District CFD No 97-1	Limited tax obligation bond	K-12 School Facility	\$90,000,000.00

* Subject to change; the ultimate amounts and sale dates can be affected by legal, market and other factors.

More info:

- [California Debt and Investment Advisory Commission Calendar](#)
- [Public Finance Division Upcoming Bond Sales Calendar](#)

Significant Financings

Treasurer John Chiang oversees several boards, commissions and authorities that award financing, tax credits, grants, loans, and other benefits aimed at promoting school projects, health care facilities, sustainable economic development and housing. Below is a summary of significant projects approved in the first quarter of 2015.

Education

Approval Date	Recipient Name	Type	Amount	City	Authority**
2/11/2015	Alliance for College-Ready Public Schools Facilities	Tax-Exempt, Taxable	\$80,000,000	Los Angeles	CSFA
1/14/2015	Rocketship Education	Tax-Exempt, Taxable	\$29,000,000	Redwood City, San Jose	CSFA

Health

Approval Date	Recipient Name	Type	Amount	City	Authority**
2/26/2015	Marshal Medical Center	Bond Financing	\$35,000,000	Placerville	CHFFA
2/26/2015	Northern California Presbyterian Homes & Services, Inc.	Bond Financing	\$80,000,000	San Francisco	CHFFA
1/29/2015	Life Steps Foundation, Inc.	Help II Loan Program	\$1,000,000	Santa Maria	CHFFA

Sustainability and Economic Development

Approval Date	Recipient Name	Type	Amount	City	Authority**
1/17/2015	Silevo, Inc.	Sales and Use Tax Exclusion (STE)	\$8,971,610	Fremont	CAEATFA
3/17/2015	Gordon Brush Mfg. Co., Inc.	Tax Exempt (TE), Taxable Bonds (TX) & Tax-Exempt IDB Allocation (IDB)	\$10,000,000	Industry	CIDFAC
1/20/2015	United Pacific	Tax Exempt (TE), Taxable Bonds	\$18,255,000 TE	Pico Rivera/	CPCFA

Sustainability and Economic Development

Approval Date	Recipient Name	Type	Amount	City	Authority**
	Waste	(TX)	\$210,000 TX	Irwindale	
1/20/2015	Pacific Ethanol Madera, LLC	Sales and Use Tax Exclusion (STE)	\$401,087	Madera	CPCFA
4/21/2015	GKN Aerospace Chem-tronics, Inc.	Sales and Use Tax Exclusion (STE)	\$5,420,497	Santa Ana	CAEATFA
4/21/2015	California Renewable Power, LLC	Sales and Use Tax Exclusion (STE)	\$1,101,315	Perris	CAEATFA
2/17/2015	Rudolph Foods Company, Inc.	Tax Exempt (TE), Taxable Bonds (TX) & Tax-Exempt IDB Allocation (IDB)	\$9,925,000 TE \$500,000 TX	Beaumont	CIDFAC
3/17/2015	Spooner's Woodworks, Inc.	Tax Exempt (TE), Taxable Bonds (TX) & Tax-Exempt (IDB) Allocation	\$5,555,000 TE \$645,000 TX	Poway	CIDFAC
1/20/2015	Blue Line Transfer, Inc.	Tax Exempt (TE), Taxable Bonds (TX)	\$22,720,000 \$11,945,000	South San Francisco	CPCFA
3/17/2015	J. Harris Industrial Water Treatment, Inc. dba Puretec Industrial Water	New Tax-Exempt Bonds, Tax Exempt Bond (IDB) Allocation	\$3,435,000 new allocation \$1,895,000 refunding of 2004 IDBs	San Jose	CIDFAC
3/17/2015	Haas Automation, Inc.	Sales and Use Tax Exclusion (STE)	\$6,856,086	Oxnard	CAEATFA

Housing

Approval Date	Recipient Name	Type	Amount	City	Authority**
3/18/2015	Northgate Terrace Apartments	Tax-Exempt Bond Project	\$1,593,171	Oakland	CTCAC
3/18/2015	Northgate Terrace Apartments	Tax-Exempt Bond Project	\$29,500,000	Oakland	CTCAC
1/21/2015	Friendship Manor & Triangle Court Apartments Supp.	Tax-Exempt Bond Project	\$2,000,000	Richmond	CDLAC
3/18/2015	Stoneman Village Apartments	Bond Financing	\$11,050,000	Pittsburg	CDLAC
1/21/2015	Westridge at Hilltop	Tax-Exempt Bond Project	\$2,173,381	Richmond	CTCAC
3/18/2015	Amberwood Apartments I and II	Bond Financing	\$4,300,000	Hanford	CDLAC
3/18/2015	Leaster Apartments (Scattered Site)	Bond Financing	\$13,600,000	Los Angeles	CDLAC
1/21/2015	Wilshire Manor Apartments	Tax-Exempt Bond Project	\$27,000,000	Los Angeles	CDLAC
3/18/2015	Anton Portola Apartments	Tax-Exempt Bond Project	\$2,308,841	Irvine	CDLAC
3/18/2015	Peter Tran	Bond Financing	\$24,379,370	Sacramento	CDLAC
3/18/2015	Anton Arcade Apartments	Tax-Exempt Bond Project	\$1,071,415	Sacramento	CTCAC
3/18/2015	Anton Arcade Apartments	Bond Financing	\$15,500,000	Sacramento	CDLAC
3/18/2015	Summit Rose Apartments	Tax-Exempt Bond Project	\$429,816	Escondido	CTCAC
3/18/2015	The Crossings at Escondido Manor Apartments	Tax-Exempt Bond Project	\$377,566	Escondido	CTCAC
3/18/2015	Betel Apartments	Tax-Exempt Bond Project	\$757,888	San Francisco	CTCAC

Housing

Approval Date	Recipient Name	Type	Amount	City	Authority**
3/18/2015	Block 7W Mission Bay South Apartments	Bond Financing	\$61,427,368	San Francisco	CDLAC
3/18/2015	6800 Mission Family Housing	Tax-Exempt Bond Project	\$1,254,501	Daly City	CTCAC
3/18/2015	6800 Mission Family Housing Apartments	Bond Financing	\$21,500,000	Daly City	CDLAC
3/18/2015	Edgewater Isle Apartments	Bond Financing	\$21,336,900	San Mateo	CDLAC
3/18/2015	Edgewater Isle Rehabilitation	Tax-Exempt Bond Project	\$1,325,047	San Mateo	CTCAC
3/18/2015	Ocean View Apartments	Bond Financing	\$18,075,000	San Mateo	CDLAC
3/18/2015	Ocean View Senior Apartments	Tax-Exempt Bond Project	\$1,052,616	Pacifica	CTCAC
1/21/2015	Pilgrim Terrace Apartments	Tax-Exempt Bond Project	\$13,088,000	Santa Barbara	CDLAC
3/18/2015	Butterfield Retirement Apartments	Bond Financing	\$19,000,000	Morgan Hill	CDLAC
1/21/2015	Butterfield Retirement	Tax-Exempt Bond Project	\$889,053	Morgan Hill	CTCAC
3/18/2015	Madrone Apartments	Tax-Exempt Bond Project	\$206,293	Petaluma	CTCAC
3/18/2015	Madrone Village Apartments	Bond Financing	\$4,216,000	Petaluma	CDLAC
3/18/2015	Park Lane Apartments	Bond Financing	\$15,803,000	Petaluma	CDLAC
1/21/2015	Peter Tran	Bond Financing	\$63,833,263	Various Cities	CDLAC
3/18/2015	Johnson Garden Apartments	Bond Financing	\$600,000	Ventura	CDLAC
3/18/2015	Las Cortes	Tax-Exempt Bond Project	\$2,319,691	Oxnard	CTCAC

* Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Nevada, Placer, Plumas, San Benito, San Bernardino, San Joaquin, San Luis Obispo, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba, and the cities of Redding and Vacaville.

**Authorities in which the State Treasurer chairs: California Health Facilities Finance Authority (CHFFA), California Schools Finance Authority (CSFA), California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), California Industrial Development Financing Advisory Commission (CIDFAC), California Tax Credit Allocation Committee (CTCAC), and, California Debt Limit Allocation Committee (CDLAC).

See raw data: [Financing numbers broken out by state legislative district](#)

In Case You Missed It

Just in case you missed it, here's a summary of recent news from the Treasurer's Office:



April 22: Chiang Refinances \$1 Billion of State Bonds, Saving Taxpayers More Than \$180 Million

Treasurer John Chiang's refinancing of approximately \$1 billion in previously-issued bond debt is expected to save taxpayers more than \$180 million in debt service costs. Read the [news release](#).

April 8: Chiang Kicks Off Task Force to Protect Bond Proceeds from Fraud

Treasurer John Chiang's new bond task force has started the process of developing best practices guidelines on the fiduciary care and use of State and local bond proceeds. Watch video of the Treasurer discussing his priorities, and learn more about the [task force](#).

April 6: Treasurer John Chiang met with his Council of Economic Advisors. Learn more about the [council](#).

March 26: Chiang Appoints Members to State Task Force on Bond Accountability

Treasurer John Chiang appointed 12 individuals to a special task force he commissioned to develop best practices guidelines on the fiduciary care and use of State and local bond proceeds. Read the [news release](#).

March 18: Chiang Announces Tax Credits to Construct More Than 1,800 New Affordable Housing Units

Treasurer John Chiang announced awarding tax credits and tax-exempt bonds to 16 affordable housing projects in 12 counties that will add approximately 1,815 rental units to the housing market. Read the [news release](#).

March 5: Chiang Completes \$1.9 Billion Bond Sale With \$198 Million in Taxpayer Savings

Treasurer John Chiang announced successfully completing the sale of \$1.9 billion in State general obligation bonds, which included the refinancing of more than \$1 billion in previously-issued bonds. The refinancing is expected to save taxpayers more than \$198 million in debt service costs over the life of the refunded bonds. Read the [news release](#).

February 25: Fitch Upgrades California's Credit Rating to A+

Fitch Ratings upgraded California's credit rating from "A" to "A+" just prior to California's issuance of \$1.9 billion in general obligation bonds. Read the [news release](#).

February 25: Treasurer Teams Up With Speaker to Address Affordable Housing Shortage

Treasurer John Chiang joined Assembly Speaker Toni Atkins and other prominent Democrats to introduce a bill package aimed at creating more affordable housing in California. Read the [news release](#).

February 19: Treasurer Chiang Calls for More Diversity on Corporate Boards

Treasurer John Chiang renewed his call for more diversity in corporate board rooms. He called upon the California Public Employees' Retirement System and the California State Teachers Retirement System to take more steps to encourage change. Read the [news release](#).

February 12: Treasurer Chiang, Senate Leader Plan Oversight Hearings into Bond Funds

Treasurer John Chiang is partnering with Senate President Pro Tempore Kevin de León to conduct legislative oversight hearings to ensure that monies raised through the sale of government bonds are safe from fraud, abuse, and mismanagement. Read the [news release](#).

January 26: Treasurer Chiang Appoints Economic Advisory Council

State Treasurer John Chiang today named 11 economists to his Council of Economic Advisors. Treasurer Chiang, who previously served two terms as Controller, created the group back in 2007 as part of an initiative to collect the best information possible on California's financial health and economic trends. Read the [news release](#)

January 15: Treasurer Chiang Tackles State's Affordable Housing Crisis

State Treasurer John Chiang today announced that he is leading a six-month engagement with housing leaders and key stakeholders regarding California's growing affordable housing crisis. Read the [news release](#).

Top News Clips:

- [State Treasurer's Office Wants to Enhance Websites and Bolster Transparency Unit](#)
TechWire
April 27, 2015
- ['Mad Men' days over: Women, minorities belong on corporate boards](#)
San Francisco Chronicle
April 27, 2015
- [State treasurer shares insights with SLO group](#)
The Tribune
April 17, 2015
- [California State Treasurer visits San Luis Obispo](#)
KSBY
April 16, 2015
- [California Treasurer urges CalSTRS divestment from assault weapon manufacturer](#)
Reuters
April 1, 2015
- [Protesters to demand CalSTRS unload firearms investments](#)
The Sacramento Bee
April 1, 2015
- [Treasurer calls for faster divestment from gun maker](#)
Central Valley Business Times
April 1, 2015
- [California Bond Task Force Staffs Up](#)
The Bond Buyer
March 26, 2015
- [State OKs bonds for Hanford apartments](#)
The Sentinel
March 20, 2015

- [Treasurer awards tax credits for affordable housing projects](#)
The Business Journal
March 19, 2015
- [Indian-American community meet draws US politicians](#)
The Times of India
March 19, 2015
- [School Spending Website Wins Sacramento Valley Project of the Year Award](#)
TechWire
March 17, 2015
- [Chiang Hails California's Upswing in L.A. Speech](#)
The Bond Buyer
February 27, 2015
- [Fitch upgrades California rating to "A+", outlook stable](#)
Reuters
February 26, 2015
- [Real estate fee, tax credits drive new affordable housing plan](#)
San Francisco Chronicle
February 25, 2015
- [Fitch Upgrades California Ahead of Big GO Deal](#)
The Bond Buyer
February 25, 2015
- [Assembly Democrats Want Real Estate Fees, Tax Credits for Affordable Housing](#)
KQED
February 25, 2015
- [Atkins releases affordable-housing plans](#)
The Daily Transcript
February 25, 2015
- [Top CA Dems team up on affordable housing](#)
San Diego Union-Tribune
February 22, 2015
- [Call For Largest US Pension Funds To Support Real Diversity](#)
Forbes
February 20, 2015
- [California leaders announce investigation into missing bond funds](#)
Reuters
February 12, 2015
- [State oversight avalanche bears down on ABAG](#)
Political Blotter
February 12, 2015
- ['This recovery has legs,' economist says](#)
The Press-Enterprise
January 31, 2015
- [State suspends fees for water and energy efficiency program](#)
Central Valley Business Times
January 21, 2015
- [New Leaders Named for CTCAC, CDLAC](#)
Affordable Housing Finance
January 16, 2015
- [California Treasurer John Chiang seeks transparency](#)
Ventura County Star
January 15, 2015
- [State Treasurer Chiang talks budget balancing in Camarillo](#)
Pacific Coast Business Times
January 15, 2015
- [State Treasurer to address housing affordability crisis](#)
Central Valley Business Times
January 15, 2015

- [Jan Ross to Serve as IT Chief for Treasurer John Chiang](#)
TechWire
January 8, 2015