



AGENDA ITEM 3 (INFORMATION ITEM)

EXECUTIVE DIRECTOR'S REPORT

JUNE 17, 2026

FISCAL 2026–27 BUDGET PROPOSAL

CDIAC's proposed budget for the fiscal year (FY) 2026–27 is \$4,525,000, representing a minor \$4,000 increase from FY 2025–26 total expenditure after accounting for mid-year adjustments. The total budget authority includes \$4,345,000 in baseline expenditure authority and \$180,000 in reimbursed expenditure authority. CDIAC receives reimbursements from the fees it charges to attendees of CDIAC's in-person educational programs.

In FY 2026–27, CDIAC is authorized for 21 full-time staff. The following chart provides a three-year overview of CDIAC's enacted and proposed budget.

CDIAC BUDGET APPROPRIATION WITH ADJUSTMENTS (THOUSAND \$)

	FY 2024–25 ENACTED	FY 2025–26 ENACTED	FY 2026–27 PROPOSED
Authorized Positions	21	21	21
Personal Services	\$2,908	\$2,899	\$2,955
Operating Expenses & Equipment	1,435	1,570	1,570
BUDGET ACT APPROPRIATION ^a	\$4,343	\$4,469	\$4,525
Mid-year Adjustments ^b	-9	52	
GRAND TOTAL	\$4,334	\$4,521	\$4,525

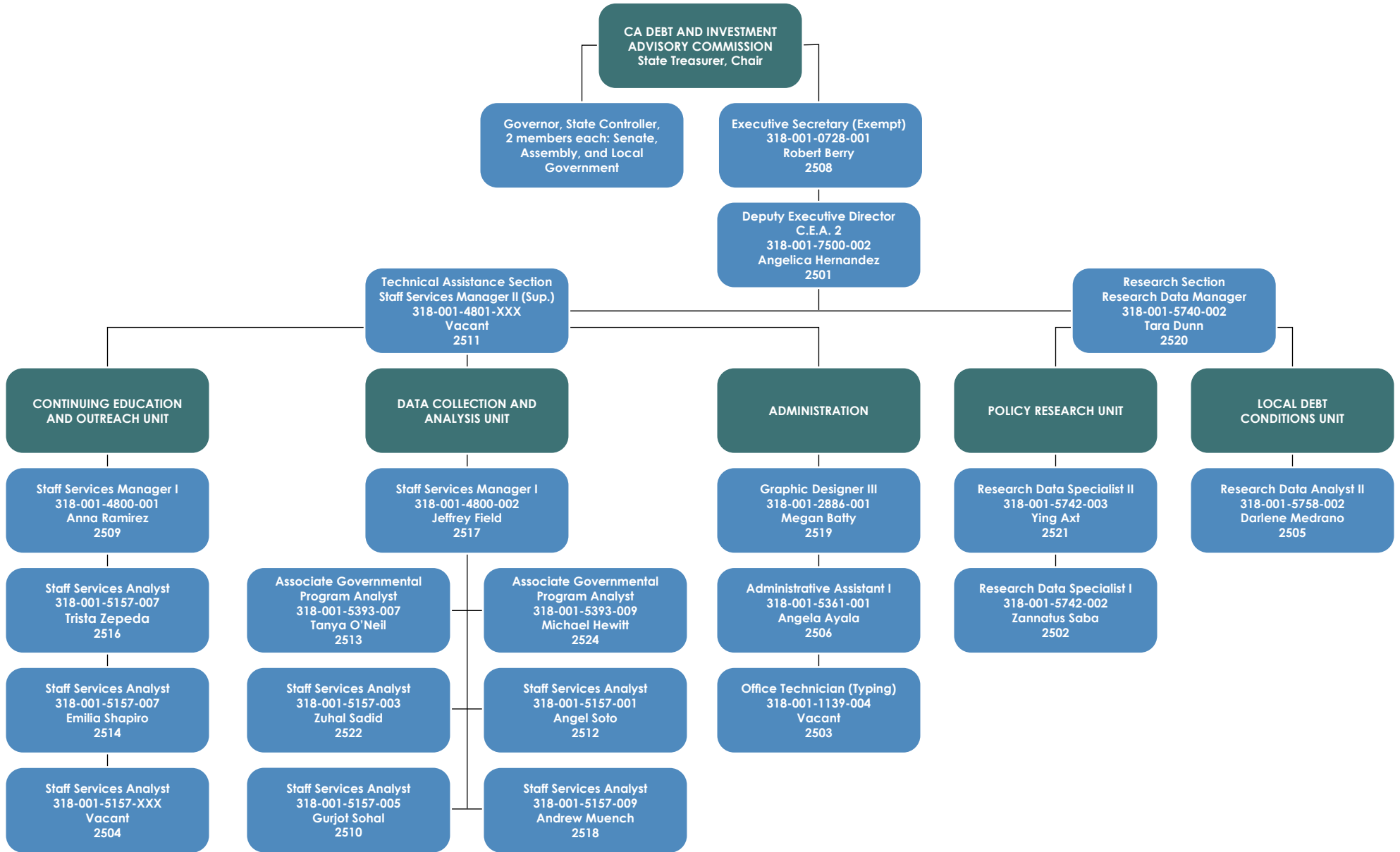
^a Includes \$180,000 appropriation authority for reimbursements.

^b MID-YEAR ADJUSTMENTS (THOUSANDS \$)

	FY 2024–25	FY 2025–26
Employee Benefits	39	11
Salary Adjustments	54	-2
Other Post-Employment Benefits	0	-50
Retirement Rate Adjustments	-102	93
TOTAL	\$-9	\$52

CDIAC Organization Chart

CURRENT AS OF 2/20/2026



CDIAC FUND CONDITION

Fee Revenue

Last year, CDIAC projected FY 2025–26 issuance fee revenue to be near FY 2024–25 levels, given the challenges in predicting the timing of an interest rate decline which would affect issuance frequency and volume. Despite uncertainty related to federal policies affecting the municipal markets, California public agencies issuance activity remained strong in FY 2025–26. Based upon nine months of actual revenues as well as estimates of revenues for April, May, and June 2026, CDIAC’s FY 2025–26 fee revenue is expected to be approximately \$3.848 million, an increase of nearly 2.2% over FY 2024–25 fee revenue.

CDIAC fee projections are typically based on issuance trends and municipal issuance projections by market participants, however indicators are mixed. There are signs that debt issuance nationally will continue to remain strong in FY 2026–27, with issuance for the first quarter of 2026 up 5.8% over the first quarter of 2025.¹ CDIAC’s debt issuance data indicates California long-term issuance in the first quarter of 2026 is up 13% over the first quarter average in the preceding five years, but 2% lower than the first quarter of 2025. Coming off a nearly record year for debt issuance in California in 2025, regression is expected. So far the drop-off has been modest. Mixed current indicators coupled with the uncertainty in the tax-exempt market regarding interest rates, inflation, and geopolitical conditions, support a conservative revenue projection for the upcoming fiscal year. CDIAC projections are based on a 2.5% decrease in issuance fee revenue in FY 2026–27.

Expenditures

Expenditures for FY 2025–26, not including adjustments, are estimated to be \$3.6 million, approximately 21% lower than CDIAC statutory budget authority.² Expenditures include personnel costs; operations and equipment expenses; rent; and the STO administrative contract.

CDIAC continued its efforts to control discretionary expenditures in FY 2025–26 by focusing on cost-saving measures and one-time investments that enhance long-term operational efficiency and further our statutory mission. However, discretionary spending represents only 12% of expected FY 2025–26 expenditures.

¹ Heidi Learner, CFA, Matthew Paluzzi, and Justyna Romulus, *Quarterly Report: US Fixed Income 1Q26*, 4, (New York: Securities Industry and Financial Markets Association, April 2026), Accessed April 22, 2026, [SIFMA Research Quarterly - Fixed Income Issuance and Trading 1Q26](#).

² “Adjustments” include pro rata charges which are statewide general administrative expenses assessed to every state program, and supplemental pension payments. CDIAC has no discretion over expenditure adjustments and they are not a component of statutory budget authority.

Personnel costs continue to be CDIAC's largest expenditure, representing nearly 70% of all budgeted expenditures in FY 2025–26. Given the relative lack of spending discretion over personnel costs, CDIAC practices strategic vacancy management. This strategy involves reviewing the impact vacancies have on the organization and selecting those with the highest net benefit to the organization to refill. Through this process CDIAC can course correct during and across fiscal years if expenditures run far ahead of revenues and begin to deeply erode CDIAC's fund balance. During FY 2025–26, CDIAC filled a position that was vacated early in the fiscal year but will end the fiscal year with three vacant positions.

In FY 2026–27, personnel costs will continue to grow. This growth can be attributed to regular merit raises; as well as the probability of offering professional growth opportunities in support of CDIAC's strategic planning. Operational expenditures are expected to remain constant and include ongoing maintenance and enhancement that is necessary to protect the value and performance of CDIAC's modernized database systems, and general operational cost inflation. Overall, total expenditures, inclusive of adjustments, are projected to grow by 3% in FY 2026–27.

Fund Balance

CDIAC expects to see growth (3.3%) in its year-end fund balance for FY 2025–26, as revenues exceeded expectations and expenditures. While revenues were stronger than expected, CDIAC's expenditures are largely fixed, with 87.5% of state operations expenditures attributed to personnel, rent, and State Treasurer's Office (STO) administration costs (personnel, business services, legal, and IT services).³ It is expected that the fund balance at the end of FY 2026–27 will experience no material change (-0.3%) as projected total revenues and expenditures are roughly equivalent.

Structural Imbalance

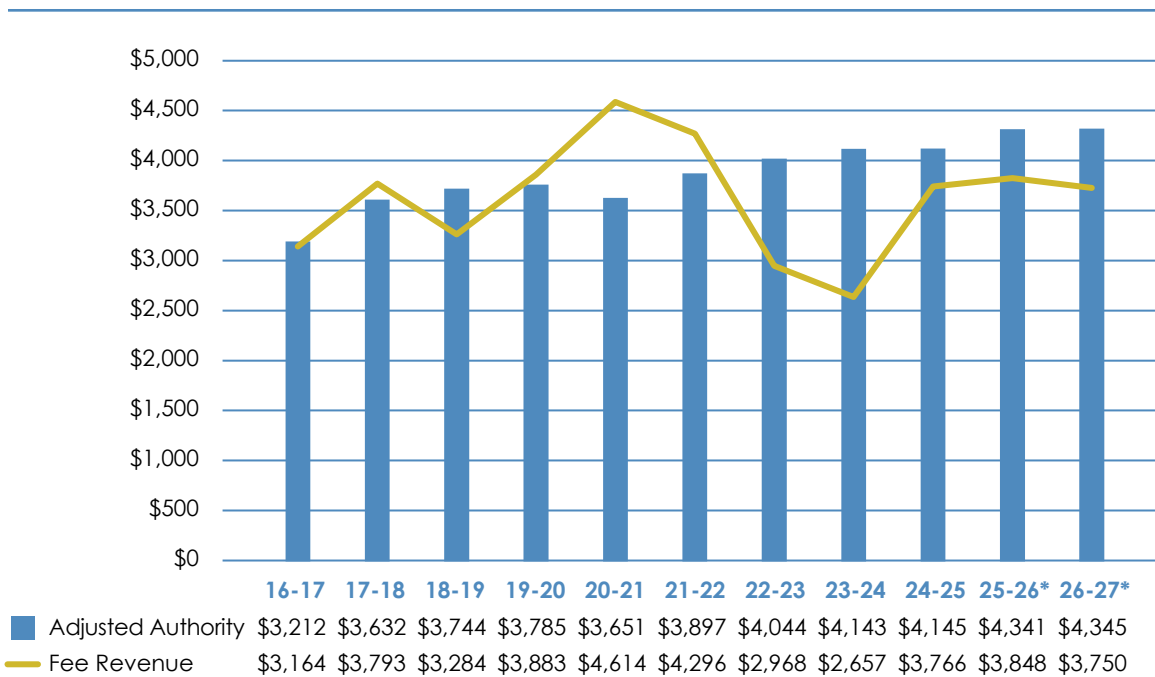
As discussed during the June 2025 Commission meeting, CDIAC has experienced a structural imbalance between statutory budget authority and issuance fee revenue for six of the last ten fiscal years. Based on fee revenue estimates for FY 2025-26 and FY 2026-27, CDIAC projects an imbalance of 11% and 14%, respectively. CDIAC has maintained a strong fund balance over the period—projected at \$6.74 million for FY 2025–26—through fiscal restraint, rather than spending to the level of its budget authority. CDIAC will continue to adjust discretionary expenditures and practice strategic vacancy management to mitigate for potential negative impacts on the fund balance if revenues are coming in significantly below projections.

³ Calculation does not include expenditure adjustments.

CDIAC FUND CONDITION (THOUSAND \$)

	FY 2024-25 ACTUAL	FY 2025-26 ESTIMATED ⁴	FY 2026-27 PROJECTED ⁵
RESERVES, ADJUSTED	\$6,010	\$6,529	\$6,744
REVENUE			
Fees	\$3,766	\$3,848	\$3,750
Interest	262	200	180
Reimbursements, Misc.	55	66	50
TOTAL REVENUES	\$4,028	\$4,114	\$3,980
EXPENDITURES			
State Operations	\$3,131	\$3,563	\$3,669
Adjustments (Prorata, Pension Payment)	323	336	329
TOTAL EXPENDITURES	\$3,509	\$3,899	\$3,998
FUND BALANCE	\$6,529	\$6,744	\$6,726

CDIAC ADJUSTED BUDGET AUTHORITY AND FEE REVENUE (THOUSAND \$)



* Projected

⁴ FY 2025-26 fee revenue estimates are based on receipts and receivables through March 31, 2026, and estimates for April through June. Operations expenditures are based on internal fiscal year budgeting. Operations expenditures are projected to be under the baseline budget authority (total authority less reimbursements).

⁵ FY 2026-27 issuance fee revenue projections were based on market conditions remaining consistent with FY 2025-26.

FY 2025–26 SUMMARY OF ACCOMPLISHMENTS

Debt Data Collection and Reporting

At the end of FY 2025-26, CDIAC's collection of debt data has grown to over 76,000 separate issues of debt and is widely considered to be the most comprehensive publicly accessible database of California public debt issuance information. The Data Portal, CDIAC's cloud-based data collection and database application deployed in 2002, continues to pay dividends as the centerpiece of CDIAC's capability to collect, validate, and disseminate record levels of debt data to the public.

The Data Collection and Analysis Unit (Data Team), with no change in personnel levels, received and reviewed over 19,000 reports through the Data Portal – a record level 7% higher than in FY 2024-2025. Reports of Proposed Debt Issuance and Final Sale, representing new issuance, numbered nearly 1,600 each, slightly off the tally for last fiscal year. Annual reports, including the Mello and Marks-Roos Yearly Fiscal Status Reports and the Annual Debt Transparency Report (ADTR) were the driving force behind the report submission record in FY2025-26. Overall, annual report submissions increased 17% led by an additional 1,300 ADTRs in FY 2025-26. ADTR submissions grew by 13% to more than 11,000. Other than growth expected from newly reportable issuance from the prior year, the Data Team has reported an increase due to issuers' efforts to cure delinquent filings as far back as the 2016-2017 reporting year. The increase in past due filings is credited to direct efforts of the Data Team and recent Data Portal improvements which have made the filing process easier to manage.

Despite the increased volume of reports, the Data Team was able to review all issuance reports within a business day on average. In addition, all annual reports were reviewed and published in time to meet all CDIAC's timeliness goals.

The increase in productivity and efficiency has always been a function of the commitment of the members of the Data Team, but also from CDIAC's focus on the continuous enhancement of the Data Portal. In FY 2025-26, CDIAC built and launched the Enhanced Administrative Interface (EAI) to the Data Portal. The EAI provides members of the Data Team new capabilities to more promptly address requests for assistance from report filers, more readily and precisely update, edit, and refine certain elements of the debt dataset, and "clean-up" longstanding discrepancies concerning how the various issuing agencies and participating organizations are categorized. EAI supports dual objectives to enhance customer service and realize a more accurate and cohesive accounting of both initial issuance and annual reporting data of the debt lifecycle. EAI is a prime example of a "behind-the-scenes" investment of time and money that will generate great benefits in the future.

Continuing Education

CDIAC's educational program schedule in FY 2025-26 consisted of three in-person seminars and three live webinars. The programs attracted 1,273 participants, a 29% increase over participation levels in FY 2024-25. The webinar format continues to be the highest yielding medium, producing 70% of the total participation.

CDIAC began the program year in September with one of its core in-person seminars: *Land-secured Financing: Fundamentals and Evolving Practices*. Held in Pleasanton, the biennial, two-day program provided attendees with comprehensive education on the community facility and assessment district financing process, from district preformation through project implementation to ongoing administration.

In October, CDIAC produced its first webinar of the fiscal year, CDIAC's second *Annual Municipal Disclosure Training*. The program, newly developed just the year prior, is intended to provide an annual opportunity for issuers to become reacquainted with the best practices for disclosure and apprised of some of the priority disclosure topics. Annual disclosure training is a practice recommended by the Securities and Exchange Commission, but not consistently conducted by all issuers, especially smaller and infrequent issuers. The program is intended to fill the gap. This installment focused on the elements of an effective disclosure organization and the roles of elected officials and other non-financial staff in the disclosure process.

In November, CDIAC partnered with *The Bond Buyer* to host the 24th Annual CDIAC Pre-Conference to the 35th Annual California Public Finance Conference in San Diego. The program was entitled *Finance Strategies to Weather the Storm of Childhood Assault Claims* and examined the magnitude of the victim compensation liability resulting from AB 218, the under-insured general fund exposure, and the public finance strategies available to address the extremely wide gap.

CDIAC began the new year in January by partnering with the California Municipal Treasurers Association to present another core program, *Fundamentals of Public Funds Investing* in Costa Mesa. This two-day seminar provided attendees with the fundamental concepts, tools, and strategies necessary to manage and oversee public investment portfolios.

Intended to be a capstone presentation of the principles and practices of lease financing built from CDIAC's three-volume publication series *Lease Financing in California*, CDIAC produced the *Legal Foundations and Strategic Structuring of Lease Financing*, a two-part webinar series held in May. Session one entitled, *The Structure of Lease Financing: Legal Precedents, Conventions, and Misconceptions*, examined the legal prin-

principles underpinning lease financing in California and helped issuers to separate legally essential elements from those that represent decisions points that should be carefully considered. Session two entitled, *Risks, Realities, and Market Preferences of Lease Financing Decisions*, brought into focus the structural elements of lease financings that were thought to non-negotiable market requirements, but may be more flexible than once thought. Together the series provided practical insights to help public agencies make informed decisions and improve the value of their lease financing.

In addition to the in-person seminars and live webinars, the Education Portal continues to grow as a source of on-demand computer-based training. Growth has accelerated as a result of SB827. Effective January 1, 2026, SB827 requires two hours of public finance related training every two years for local elected and appointed officials.

The Education Portal now has 622 registered users who have enrolled in one or more of CDIAC's offered courses. The users have access to 45 courses and 58 hours of free, on-demand content. The courses are a mix of replays of previously aired webinars as well as eLearning modules designed for independent, asynchronous learning, including CDIAC's Elect>Ed debt issuance and administration series for elected officials. Many of the courses are SB827 compliant including the Elect>Ed series. CDIAC is actively retrofitting courses to meet the requirement of the new training requirements.

Research and Guidance

In addition to being the primary contributors of content for *Debt Line*, CDIAC's statutorily required monthly newsletter, CDIAC's Policy Research Unit (Research Team) completed several important projects during the year that either provided guidance to public agency officials on topics of debt issuance and public investments or informed public finance policy decisions.

CDIAC's recurring update of the *Local Agency Investment Guidelines* was completed to support CDIAC's annual educational programming related to public investment. Local public agency investment professionals eagerly await the update as it provides the latest information and guidance for interpreting and applying state and federal law to the practice of surplus funds investing. The 2026 update incorporates changes to commercial paper maturities, extended investment authority for large agencies, and new compliance and training requirements.

The 2026 update of *K-14 Voter Approved General Obligation Bonds: Authorized, But Unissued*, identified over \$81.32 billion of unissued, voter-approved general obligation bond capacity among school and

community college districts from elections dating back to the passage of Proposition 39 in 2001.

CDIAC published *Privately Placed Securities Under SEC Rule 144A*, an update to a 2013 issue brief that revises CDIAC's original recommendations in light of amendments adopted by the Securities and Exchange Commission in 2020 and initiates a discussion on prudent investment practices for eligible local agency surplus funds. The brief provides guidance on navigating both federal rules, state statute and local investment policy considerations when evaluating privately placed securities under Rule 144A.

As part of its long-standing research tradition of compiling and analyzing results of the state and local bond and tax measures included on primary and general election ballots, CDIAC published *Bond and Tax Measures Appearing on the 2025 Local Ballots*. This report series began covering the results of the statewide General Election in 1994 and has now expanded to cover the state primary elections and results of odd-year local elections. The data collected through this process contributes to CDIAC's tracking of bond authorizations and provides key data points for the annual K-14 Authorized, but Unissued report. All of CDIAC's bond and tax election data is available on DebtWatch.

Administration

In April, the State Treasurer's Office enterprise-wide website redesign went live. As part of this project, CDIAC capitalized on the opportunity to improve CDIAC's web presence and communications. CDIAC was able to create a fresh, modern web presence and at the same time improve the search functionality of resources across CDIAC disciplines, leverage the features of DebtWatch and the Education Portal to deliver data and education, and feature the most current and relevant information while preserving accessibility to older resources CDIAC. The new website allows CDIAC the capability to manage its own web content which will translate to more efficient and timelier communication and resources.

PLANNING HIGHLIGHTS FOR FY 2026–27

CDIAC's mission is to improve the practice of public finance in California by providing responsive and reliable information, education, and guidance. CDIAC seeks consistent achievement of this mission by delivering products and services that are timely, of the highest achievable utility, simply discovered and accessed, and provided in the formats and modes supportive of contemporary preferences for learning and analysis. CDIAC will direct its activity in pursuit of the following strategic objectives in the next year.

Continuous Enhancement of Database Systems and Procedures

Collect, enhance and distribute accurate, timely, and complete data on the histories, uses, types, quantities, statuses, and terms of public debt issued by California public entities. Seek out and capitalize on opportunities to improve the user experience of the variety of stakeholders while increasing data validity, issuer compliance, and processing capacity.

DATA PORTAL ENHANCEMENTS. Continuation of CDIAC's leadership as a purveyor of state and local government debt information requires continuous focus on the enhancement of its database systems to achieve efficiency and improve the report submission experience. With the completion of the Enhanced Administrative Interface (EAI), CDIAC will initiate the next phase of Data Portal enhancement projects.

CDIAC will initiate development and implementation of a consolidated reporting interface which would allow issuers of debt, subject to multiple annual reporting requirements, to comply with all such requirements simultaneously. This would allow filers to meet all reporting requirements for Mello-Roos, Marks-Roos, and/or Annual Debt Transparency for a debt issue by filing one consolidated report. The objective of this enhancement is to reduce the burden on filers and increase the accuracy and consistency of the data across annual reporting datasets.

With the objectives of increasing filing compliance across all of the required reports and enhancing the Data Team's ability to meet the needs of CDIAC's constituents, CDIAC will initiate an enhancement to the Data Portal that will provide an automated component which will send periodic email communications to issuers and their agents advising them of filing requirements including deadlines and identification of the specific reportable issues.

COMPLETE DIGITAL CONVERSION. CDIAC will continue its work to consolidate its vast collection of issuance documentation into the Data Portal and thereby make it available to stakeholders via DebtWatch, CDIAC's data transparency website. This includes the digital conversion of documentation from the records of issuance from before the year 2000 that is stored only in hardcopy. Completion of this work will be the final step in the full digital conversion of CDIAC's debt collection and the processes that are used to maintain it.

EDUCATION AND OUTREACH TO REPORT FILERS. Now that CDIAC's new database systems are built out and fully operational, the Data Team will produce and present quarterly web-based outreach programs to address ongoing concerns and "FAQs" of those CDIAC constituents tasked with filing reports. The live webinars will provide an opportunity for

CDIAC to present new features and enhancements as they are developed and engage in on-going communications with filers. The Data Team will also collaborate with the Education Team to complete the set of tutorials that provide guidance on the use of the features of DebtWatch.

Core and Topical Educational Programs

Develop and conduct core and topical training in debt issuance and administration and the investment of public funds. Emphasize applied learning and use of technology to increase learning opportunities and enhance the learner's experience.

TOPICAL WEBINARS. CDIAC will use the webinar format to produce educational content around emerging public finance topics and aims to enhance programs through the integration of companion publications and guidance produced through CDIAC's research activities.

In Fall 2026, CDIAC plans to produce the third *Annual Municipal Disclosure Training* webinar which will focus on reacquainting issuers with disclosure best practices and apprise them of emerging disclosure topics. This is intended to be training for a wide range of officials involved in disclosure across an agency with emphasis on those infrequently involved or whose roles are tangential, but impactful to an issuer's primary and continuing disclosure.

IN-PERSON PROGRAMS. In September, CDIAC will produce its flagship education program on debt issuance and administration: *Municipal Debt Essentials*. CDIAC staff and partners will present a comprehensive curriculum on debt financing through multiple lectures and activities over three days in San Jose, September 15-17, 2026. *Municipal Debt Essentials* covers the fundamentals of debt financing; the mechanics of planning, preparing, and issuing debt; and post-issuance administrative requirements.

For the 25th year, CDIAC will produce the Pre-conference to *The Bond Buyer* California Public Finance Conference. The pre-conference, a half-day program is scheduled for October 14, 2026, in San Francisco. The pre-conference will continue CDIAC's practice of focusing on evolving municipal market topics that provide practical value to California's public agency issuers. This year's topic will focus on refunding strategy and maximizing the efficiency of refunding transactions.

In January 2027, CDIAC will partner with the California Municipal Treasurers Association to produce *Advanced Public Funds Investing*. This two-day seminar will be held in northern California and covers advanced concepts underlying sound public portfolio decision-making, focusing on identifying the risks and understanding the features permissible security classes in the context of an investment strategy.

NEW EDUCATION PORTAL COURSES. CDIAC will expand its library of on-demand resources in the Education Portal by producing new recorded courses covering fundamental public finance and public funds investing concepts, as well as the essential elements of debt financing. Ultimately, CDIAC intends to build on-demand courses that cover all the main subjects that are included in CDIAC's fundamental curricula. This project would work in tandem with CDIAC's current efforts to make all courseware within the Education Portal SB 827 compliant

Develop Timely and Practical Guidance and Integrated Research

Develop analyses, reports and tools that improve the practice of public finance and are integrated with – or foundational to – other products, services, or research.

Building on the success of the lease financing research and webinars, CDIAC will direct its research work to support and enrich the educational programming produced during the year. The Research team will focus on producing articles, briefs, or guidance that can be used as an educational foundation or to consolidate the information presented during an educational program.

The Research team will perform a comprehensive content review of all CDIAC's publications. All published work will be reviewed for applicability to the current statutory, regulatory and market environment. Some research may require additional updates to bring current. In addition, CDIAC will continue to make older publications ADA compliant and publish to the web library.

Proposed changes to the Investment Code for local agencies will require an extensive update to the 2027 *Local Agency Investment Guidelines*. As proposed, SB 1438 (Committee on Local Government), would reorganize the current investment code, as well as make other notable changes, including clarifying that local agencies may purchase commercial paper issued by a federally or state-licensed branch of a foreign bank and a federally or state-chartered bank.

Research staff are currently working with members of the Land-Secured financing community to update CDIAC's *Recommended Practices in the Appraisal of Real Estate for Land-Secured Financings*. Originally, published in 1994 and updated in 2004, this research provides the basis for those professionals conducting appraisals intended to value properties within assessment districts.

As a result of AB 2618 (2024-Chen), CDIAC will begin the preliminary work on the report that is required to be submitted to the Legislature on

or before January 1, 2030. This report will provide an overview of local agency surplus funds invested in depository institutions that use private-entity placement services and make a recommendation for a limitation, if any, on the share of deposits that a local agency can invest in depository institutions that use private-entity placement services for consideration by the Legislature.

CDIAC's *California Public Fund Investment Primer* (Primer) is a fundamental investment resource, that is referenced in nearly every investment related program conducted in California and regularly used by California's public investment professionals. As the current version of the Primer is dated December 2009, CDIAC initiated the long-term project to update the Primer in FY 2025-26. In partnership with a working group external experts, CDIAC will update the current content, add new content to reflect current practices and new applications, address changes in statute, and develop a format that creates enhanced utility and accessibility. The project has been delayed by the extensive reorganization of the investment statutes proposed in SB 1438.

Research staff will continue tracking developments of the federal regulatory process pertaining to the Federal Data Transparency Act (FDTA). Future federal rulemaking is expected to require California's public agencies to adopt new information systems and enact specific data standards. CDIAC will examine if guidance would be beneficial for issuers in assessing whether any actions should be taken to prepare for the implementation of required data transparency standards.

Build an Organization that Will Deliver on CDIAC's Value Proposition

Develop and maintain an organization that is well known for delivering timely, convenient, practical, professional, and accurate data, information, and guidance.

CDIAC will continue to use targeted communication tools and social media to promote new products, educational opportunities, and Data Portal and DebtWatch enhancements. It will continue to take advantage of opportunities to innovate in ways that deliver information to constituents in more timely, accurate, and useful formats.

STRATEGIC MARKETING

CDIAC has continued to focus on strategic use of social media and email outreach to market its programs and resources. In FY 2026–27, CDIAC intends to employ an active strategy of following municipal market partners, building on existing recognized campaigns, and posting unique CDIAC messages.

WEB PRESENCE

The State Treasurer's Office new website has provided CDIAC the opportunity to improve CDIAC's web presence and constituent communications. CDIAC is intending to utilize the capabilities offered by the new web site to further improve search functionality, leverage the features of DebtWatch and Education Portal to drive data and education content, and feature the most current and relevant information while preserving accessibility to older resources. In addition, the new website enables CDIAC to foster social media engagement, with recent posts displayed on the main webpage.