STATE AND LOCAL PUBLIC FACILITY NEEDS AND FINANCING

Volume 2. PUBLIC FACILITY FINANCING

Introduction and Summary*

INTRODUCTION

Volume 1 of this study focused on the Nation's public facility needs, providing detailed information on the existing capital plant, costs and user charges, trends of capital outlays over the past two decades, and estimated capital requirements during the next decade. In a sense, the volume presented comprehensive data on the demand for capital funds from the public facilities sector.

In contrast, the present volume is concerned mainly with the availability of funds to finance State and local public facilities, especially credit resources. The major emphasis of this volume is upon the sources of financing of capital outlays by State and local public agencies, with particular reference to the municipal securities market. Because of its growing importance, some attention is given to the financing of private nonprofit organizations. While most of the volume deals with the availability of private credit resources and the structure and trends of private credit markets, there are also several chapters describing State assistance programs.

A. PLAN OF THE STUDY

1. *Objectives of Study*

(a) *Future Capacity of Capital Market*

According to the material presented in volume 1, by 1975 State and local public facility capital requirements are expected to reach a level that is almost double the volume of capital outlays in 1965, especially in the State and local public agency sector. If these capital requirements are to be met, there must be corresponding increases in available financial resources, including a substantial step-up in private investments in municipal securities and in obligations of private, nonprofit organizations.

Such expansions in credit resources will depend upon (*a*) whether the various financial institutional groups are prepared to increase their holdings of these securities or obligations (which, in turn, largely depend upon net inflows of funds, alternative investments, and comparative yields) and (*b*) the capacity of the organizational frame-

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