

chapters was governed by a desire to provide, to the extent feasible, a complete picture of the current means of financing State and local public facilities by State and local public agencies and by private, non-profit organizations and their future prospects. Because adequate published information is already available, it was decided that it would be unnecessary to have chapters on such subjects as evaluation of municipal securities, problems of underwriting syndicates, or commercial bank underwriting of revenue bonds.⁴ The financial institution groups, for which chapters were arranged, comprise either major pools of institutionalized loan funds or pools of funds that seem likely to be significant investors in municipal securities.

Each chapter has been prepared on the basis of an outline of topics or questions, developed by committee staff. To assure uniform coverage, the chapter writers dealing with financial institution groups (pt. 4) were requested to follow a standard outline, set forth in questionnaire form (see supplement A). Where appropriate, a list of economic assumptions for the years 1966-75⁵ was furnished to the writers as a guide for any projections that may be made for these years.

The committee's letter of request prescribed that the requested chapter "should be limited to a factual account of the prevailing or historical situation, supplemented by appropriate estimates and projections. It should omit recommendations, suggestions for changes, or comments on existing or prospective legislation."⁶ The chapters prepared under these instructions were then reviewed and edited by committee staff to delete extraneous materials, or commentary (directly or indirectly) on proposed legislation. Aside from these changes, the materials presented in the various chapters are solely the viewpoints of the respective chapter writers, identified on the first page of the chapter, who presumably took into account all available data.

B. SUMMARY OF FINDINGS

1. *Trends in Public Facility Financing*

(a) *State and Local Government Financing of Capital Outlays*

Over the past 20 years State and local governments have expended approximately \$220 billion for capital outlays of which about half have been financed by borrowing. During recent years capital outlays have accounted for about one-fourth of all expenditures by State and local governments. About four-fifths of these capital outlays is for new construction, about 12 percent is for the purchase of land and existing structures and the remaining 8 to 9 percent involves equipment purchases (including replacements). In recent years slightly over 40 percent of capital outlays has been for highways, including urban streets, local roads, and toll facilities, and nearly one-fourth has been for educational facilities. Whereas expenditures for highways and education have generally paralleled the overall growth of State and

⁴ Cf. Gordon L. Calvert, "Fundamentals of Municipal Bonds" (Washington, D.C.: Investment Bankers Association of America, 1963); Winn S. Curvin, "A Manual on Municipal Bonds" (New York: Smith, Barney & Co., 1956) and prior books on municipal securities; various articles on municipal securities appearing in the *Journal of Finance*, *Municipal Finance*, and the *Bond Buyer* and hearings before the House Banking and Currency Committee on "Increased Flexibility for Financial Institutions" (88th Cong., 1st sess., September-December 1963).

⁵ Supplementary data to introduction and summary of vol. 1.

⁶ Except, of course, where a question in the chapter outline called for suggestions or commentary.