

(a) The aggregate public facility capital requirements presented in volume 1 reflect the considered opinions of a large group of experts, with the underlying assumptions explicitly stated and historical trends fully documented. While one may feel that some of the projections for specific facility categories are either too high or too low, it is conceivable that there may be offsetting adjustments among other categories so that the aggregate capital requirements are hardly changed. Thus, unless it could be shown that there has been a coincidental bias among the over 50 experts, or groups of experts, who prepared the chapters in volume 1, it would seem that the projections developed are reasonable.

(b) To permit this study to be manageable yet sufficiently detailed to serve adequately its intended purposes, it became necessary to distinguish between "public facilities" capital outlays and other capital outlays of State and local public agencies, such as those for public housing and urban renewal.³⁶ But any meaningful analysis of State and local government indebtedness and the municipal securities market must in some way take into account capital requirements for public housing and urban renewal. Accordingly, an allowance has been made for these capital requirements by assuming that they will grow at the same annual rate as that projected for GNP, i.e., 5.5 percent per year (in current dollars). This growth rate for public housing and urban renewal may be too high or far too low, considering the tremendous needs of the Nation's cities. Or it is conceivable that, while urban development outlays may expand more rapidly, a larger portion may be financed from sources other than borrowing; e.g., State and local government tax resources or Federal grants.

(c) It remains to be seen whether or not State and local governments continue, as they have during the past 14 years, to finance 50 percent of their capital outlays by borrowing. On the one hand, constitutional and statutory limitations on general obligation indebtedness and legislative reluctance to increase taxes may impede the growth of general obligation debt, but rising incomes, sales, and property valuations (and at times higher ratios of assessment) may nonetheless enlarge the debt-incurring capacity of State and local governments. Moreover, the rising trend of revenue bond financing lends further support to the projected growth in borrowing.

As will be recognized, this study did not examine the growth prospects of State and local government tax revenues nor did it consider the possible expansion of Federal grant assistance. Instead, it was assumed that together these resources will continue to finance 50 percent of State and local government capital outlays, with the relative proportions to be determined. To do otherwise would have required a comprehensive analysis of State and local government fiscal resources and alternative ways of providing Federal financial assistance—categorical grants-in-aid, block grants (for broad groups of purposes) or tax sharing. Such analyses were beyond the terms of reference set for the present two-volume study.

³⁶ Public housing and urban renewal activities are best examined within the context of "housing and other real estate" inasmuch as public housing is one of several alternative ways to meet our housing needs and publicly financed urban renewal is but one of several routes to achieve urban development (or redevelopment).