

ceptually one might expect that total new debt issued each year would exceed new long-term debt issued by a small amount—reflecting slight increases in outstanding short-term debt. However, this has not always been the case over the past 10 years. Comparison of long-term debt issued (col. 9) with total new debt issued (col. 8) results in differences that range from \$1 billion to a negative \$1.2 billion (col. 10). To some extent, fluctuations of these annual differences reflect increases or decreases in outstanding short-term debt and, to some extent, the fluctuations are due to statistical discrepancies that arise from the manner of Census Bureau tabulations.¹⁰

Be that as it may, the algebraic sum of the differences between total new debt issued and new long-term debt issued for the entire 10-year period 1956–65 is calculated as a negative \$1.7 billion (algebraic sum of col. 10). A discrepancy of about \$170 million per year would seem to be reasonable, considering the magnitudes of the new debt issued each year and the margins of error allowable because many of the Census Bureau figures are based on sample surveys.

4. PROJECTED NET INCREASES IN DEBT OUTSTANDING, 1966–75

The capital requirements for public facilities by State and local public agencies for the decade 1966–75 are estimated¹¹ at \$327.8 billion, of which \$31.6 billion is estimated for 1970 and \$40.7 billion for 1975. Estimates for the remaining years of the decade have been interpolated, assuming an annual rate of increase of about 5.5 percent. These estimates are shown in column 1 of table B4. Since by definition public housing and urban renewal are excluded from “public facilities,” an appropriate allowance has to be made for public housing and urban renewal capital requirements in order to obtain total capital requirements of State and local public agencies. This is done in column 2 by assuming an annual rate of increase of 5.5 percent from the 1965 level of capital outlays for housing and urban renewal (per table B1). Total capital requirements of State and local governments are shown in column 3.

On the basis of the experience during 1958–64, it is assumed that long-term borrowing (col. 4) will account for about 50 percent of annual capital outlays (requirements). Conversely, it is assumed that 50 percent of the rising trend of capital requirements will be financed by increases in State and local government tax and other revenue resources and in Federal grants-in-aid (the mix being indeterminate).

It is further assumed that long-term borrowing for capital outlays will continue to account for about 92 percent of total long-term borrowing and that the discrepancy between long-term borrowing and total new debt issued will average \$170 million per year. Application of these two assumptions results in estimates of total long-term borrowing (col. 5) and new debt issued (col. 6). The rate of annual debt retirements is expected to rise gradually each year at an incremental rate of 0.05 percent per year, i.e., 5.60 percent in 1965, 5.65 percent in 1966, 5.70 percent in 1967, etc.

¹⁰ Adjustments are not made in prior year tabulations for debt, that had been previously outstanding, but is reported for the first time in the current year.

¹¹ See introduction and summary chapter of vol. 1.