

erans home loan program of the State of California. Not all of the other \$107.9 billion was fully applied to capital outlay during this period; a portion of it was reflected in the growth of bond fund holdings—i.e., proceeds from borrowing not yet disbursed. Census Bureau reports indicate a \$4.4 billion increase in such holdings (from \$5.4 billion to \$9.8 billion) between 1957 and 1965, and bond funds had also probably grown by at least \$2 billion during the preceding 5 years, when no such specific measure was being developed for census reports. Deducting these amounts from the \$107.9 billion of long-term debt issued for capital outlay would indicate approximately \$101.4 billion as being actually so applied from 1952 through 1964-65. This is a little more than half of the \$194 billion total of State-local capital outlays during the 14-year period. When corresponding calculations are carried out on an annual basis for the eight most recent fiscal years (those for which the necessary detailed figures are available), the results summarized in table 6 are obtained.

TABLE 6.—Long-term debt issued for capital outlay in relation to capital outlay expenditure of State and local governments, fiscal years 1958 to 1964-65

Fiscal year	Issues of long-term debt applicable to capital outlay ¹ (million dollars)			Applicable long-term debt issued as percent of capital outlay		
	Total ¹	State governments ¹	Local governments	Total	State governments	Local governments
1964-65	9,258	2,658	6,600	44.6	29.0	56.9
1963-64	10,982	2,796	8,186	57.5	31.7	79.7
1963	9,391	2,152	7,239	52.3	26.5	73.6
1962	8,351	2,225	6,127	49.7	30.8	64.0
1961	7,479	1,773	5,706	46.5	25.8	61.8
1960	7,286	1,918	5,368	48.2	29.0	63.2
1959	7,542	2,119	5,423	49.1	30.0	65.4
1958	7,825	2,186	5,690	55.9	35.9	70.8
8 years, 1958 to 1964-65 ..	68,114	17,777	50,339	50.4	29.7	66.8

¹ Excluding State bonds issued for purposes other than capital outlay, and minus increases in bond-fund holdings.

In considering table 6, it should be noted that State debt issuance is being compared with direct State government expenditure for capital outlay, without any specific allowance for some State payments to local governments for capital purposes. Most State intergovernmental expenditure is not of that nature, and no basis is available for estimating closely the debt-financed amounts that may be involved. However, from statistics developed in the 1962 Census of Governments, it can be determined that State payments to local governments for educational purposes included about \$271 million specifically for construction or capital outlay. Presumably, also, the bulk of State intergovernmental expenditure for local highways (\$1,327 million in 1962; \$1,630 million in 1965) is used or available for capital outlays; in addition, relatively minor sums are distributed by various States to help finance local capital outlay for various other functions. Not all such distributive amounts, however, are financed by State borrowing. Even if it were possible to develop data in which all State-financed capital outlay by local governments were counted as State rather than local expenditure, the States would still show a considerably lower percentage relationship of debt issued to capital outlay than would the local governments. This is mainly because highway