



Best Practices for Improving Fiscal Management

The Pew Charitable Trusts' states' fiscal health project studies the budget and economic challenges facing states and helps them design targeted, evidence-based solutions. The project addresses four policy areas: strengthening economic development tax incentives; building effective budget reserves; ensuring that debt is affordable; and evaluating municipal finances.

- **Strengthening economic development tax incentives:** Tax incentives are one of the primary tools states use to try to strengthen their economies. They also collectively cost states billions of dollars a year, so lawmakers need good information on their results. We help states design processes to regularly study these programs. Then we assist the staff members who produce these evaluations to ensure that their analyses are high-quality and draw clear, well-supported conclusions. Finally, we help lawmakers understand and use the evaluations' findings as they consider changing tax incentives.
- **Building effective budget reserves:** Whether policymakers want to cut taxes, provide high-quality infrastructure and services, pay down liabilities, or spur economic growth, wide swings in a state's resources from year to year can undermine these goals. Savings strategies can mitigate the impact of economic ups and downs on a state's finances. We help states conduct the analyses to examine trends in revenue volatility over time. We also help policymakers to craft effective savings policies, ensuring reserves are available when they are needed most.
- **Ensuring that debt is affordable:** While state officials frequently borrow to fund long-lasting infrastructure projects to spread the cost over generations and enable states to finance multiple pressing needs simultaneously, they often lack the data needed to make informed decisions about their debt. To address these difficulties, we conduct research to help states better understand how to manage long-term debt and work with policymakers to conduct regular debt affordability studies.
- **Evaluating municipal finances:** State and local policymakers have a critical stake in strengthening cities' long-term fiscal well-being and generating opportunities for economic development. To inform these critical conversations, we study the fiscal landscape of cities, best practices for proactively assessing local governments' financial conditions, and policy options that can improve localities' fiscal outcomes.

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The Pew Charitable Trusts is driven by the power of knowledge to solve today's most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public, and invigorate civic life.