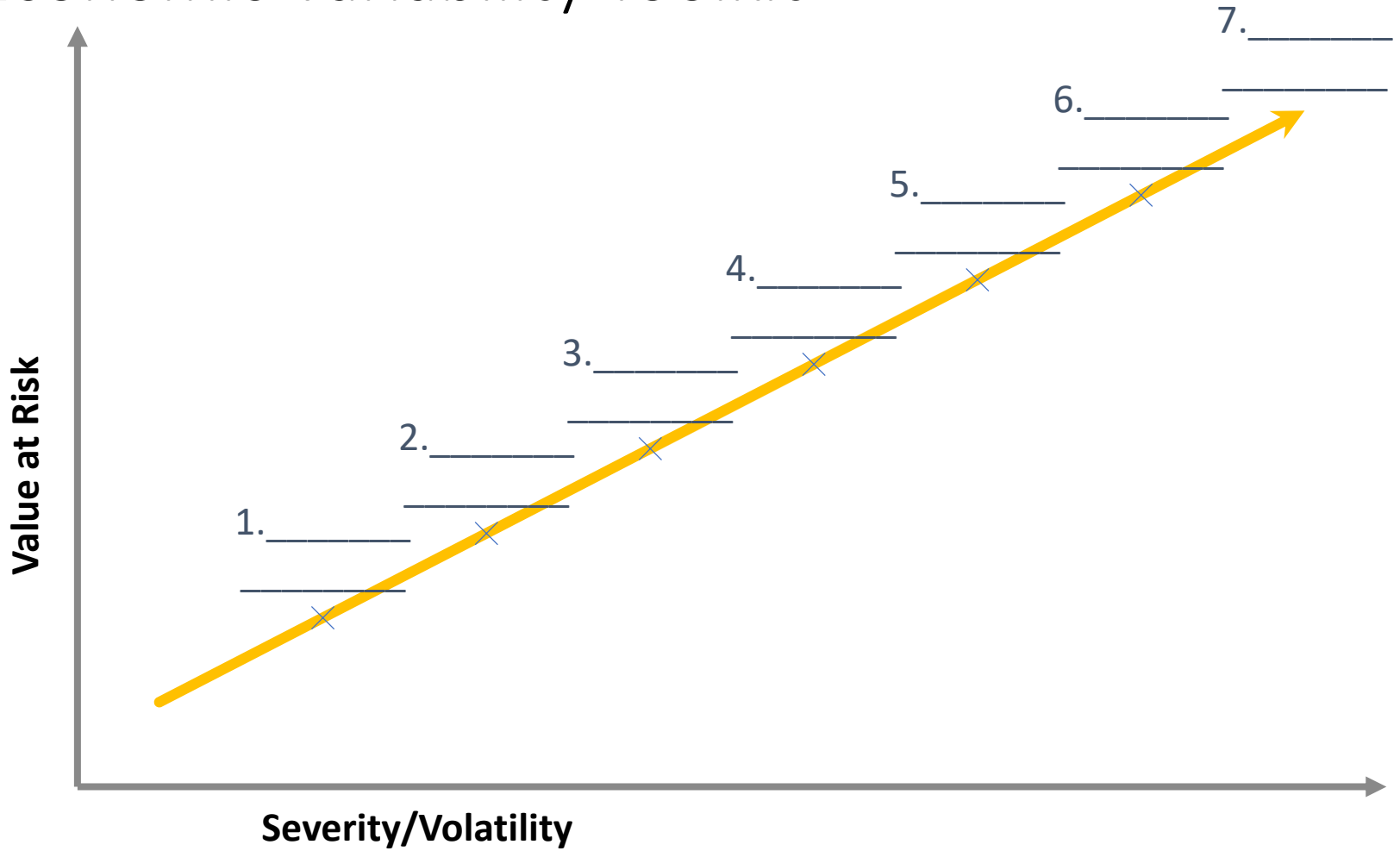


Business Cycle Management Tools

- **Cashflow management** – previous-year revenue collections carried into a succeeding fiscal year and budgeted for expenditure there.
- **Formal budget reserves** – rainy-day funds that can only be accessed when a state is in deficit.
- **Operating reserves** – unspent program balances, restricted account balances, spending triggers, and buffers that can be easily accessed.
- **Revenue enhancement** – raising taxes or fees in areas with relatively inelastic demand functions (vehicle registration, property taxes, “sin” taxes)
- **Spending reductions** – projects that can be delayed or lower impact programs that can be eliminated.
- **Temporal Balance** – matching ongoing expectations with more reliable revenue sources and using one-time windfalls for spending of limited scope.
- **Trust and Agency Funds** – endowments established for long-term investment returns, the corpus of which can be accessed by policymakers.
- **“Working rainy day funds”** – ongoing cash invested in infrastructure that can be replaced with debt financing for which a state has reserved capacity.
- **Others** – _____

Economic Variability Toolkit



My State: _____