

Long-term Budget Assessments

Promoting fiscal resilience

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The Pew Charitable Trusts

- A nonprofit, nonpartisan organization that conducts research and analysis to improve public policy
- The state fiscal policy project works with policymakers to address long-term structural imbalances, prepare for severe downturns, and mitigate emerging fiscal risks
- The state fiscal policy project provides targeted technical assistance to states

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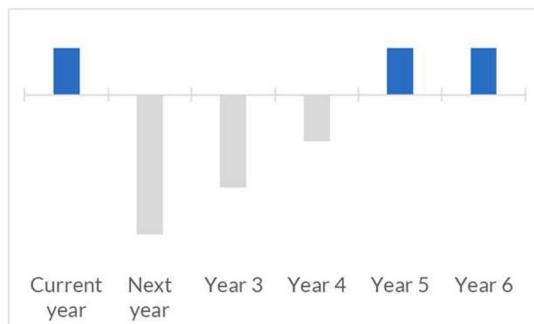
Why does a long-term outlook matter?

- Budgets can be balanced in the short-run but still be structurally unsound over the long-run
- Identifying potential budget challenges in advance allows policymakers to apply long-term solutions to long-term problems
- Fiscal risks continue to grow in states

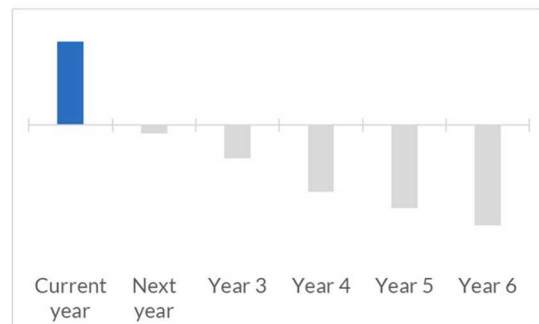
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Why does a long-term outlook matter?

Temporary shortfalls



Structural deficits



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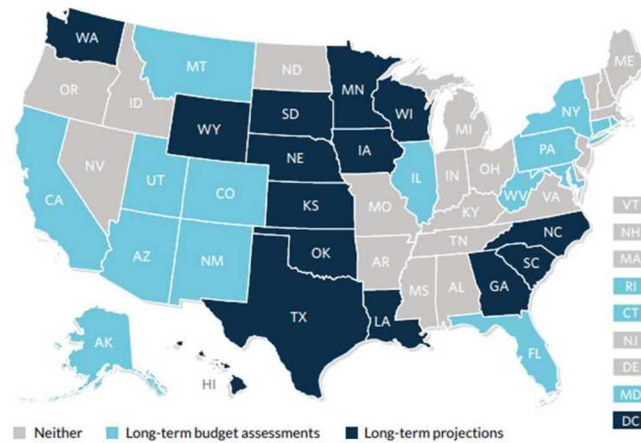
What is a long-term budget assessment?

Pew defines long-term budget assessments as analyses that:

1. Identify key revenue and spending categories central to budget balance
2. Project budget balance in these categories at least three fiscal years into the future
3. Use these projections to analyze ongoing fiscal sustainability

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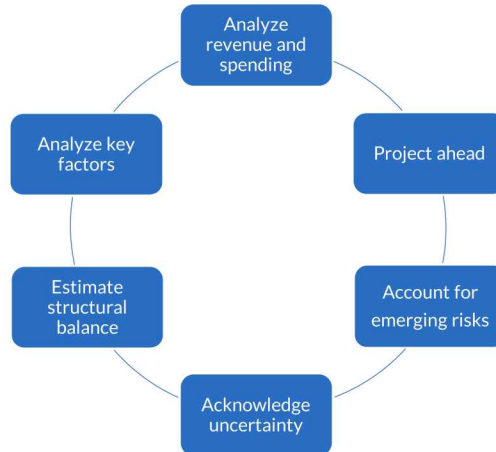
What are states currently doing?



Note: 30 states and DC produced either long-term budget assessments or long-term projections | Analysis publication by state, 2018-2023
Source: Pew analysis of state documents and information provided by state officials

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Leading practices for long-term budget assessments

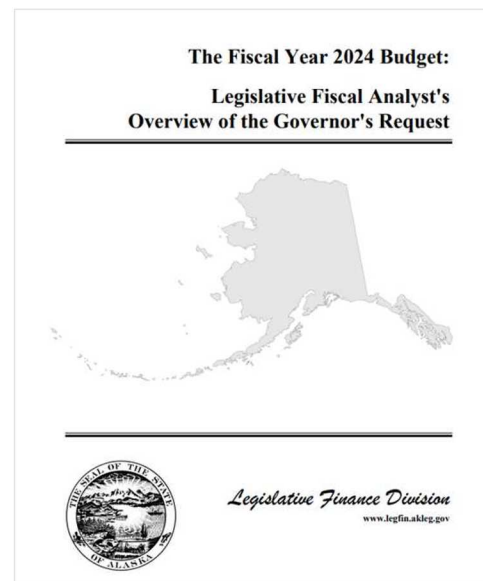


Note: For comprehensive information on these leading practices, please see Pew's report, *Tools for Sustainable State Budgeting*, November 2023

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Case study: Alaska

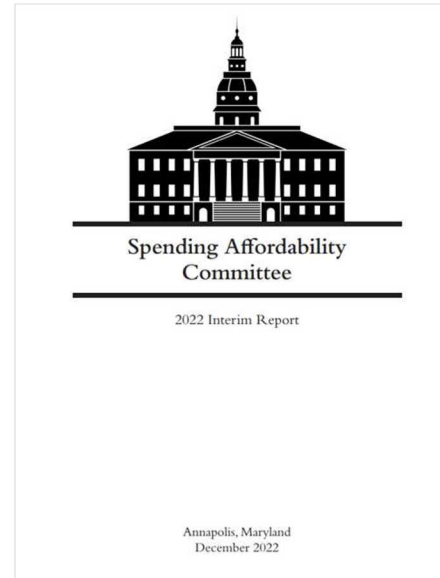
- Provides 10-year revenue and spending projections
- Explores potential solutions, including an inventory of ways to close budget gaps
- The legislature uses the projections to explore budget balancing options over the long-term



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Case study: Maryland

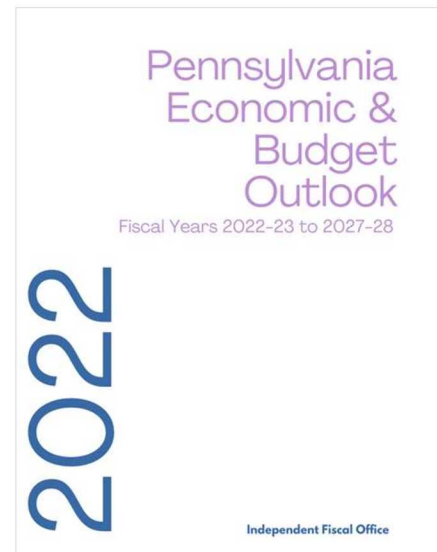
- Includes five-year projections of the state's structural surplus or deficit
- Revised structural balance projections throughout the year
- Projections are used to guide the General Assembly on fiscal choices



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Case study: Pennsylvania

- Annual report includes economic, demographic, and fiscal outlooks
- Current services baseline
- This report is the starting point for the General Assembly's budget-writing process



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Wrap up

- States are making progress towards fiscal sustainability
- Long-term budget assessments provide policymakers with critical information to make decisions
- States should consider adopting a set of leading practices
- Long-term budget assessments serve as the foundation for budget stress tests

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