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How Rainy Day Funds Help Cities Prepare for Revenue Volatility.

Officials from Los Angeles, Baltimore, Philadelphia, and S&P discuss how the reserves work and the impact on credit ratings

During and after the Great Recession, tax revenue plunged in many U.S. cities and states, forcing government officials to lay off employees and cut public services.

Today, more than a dozen major cities have rainy day funds to prepare for the next downturn. On Sept. 28, The Pew Charitable Trusts hosted a panel discussion in Philadelphia on the pros and cons of these reserves—and their role in city finances and credit ratings.

Ben Ceja, assistant administrative officer for Los Angeles, told the audience that he sees his city's rainy day fund as one part of a financial toolkit. "We don't want to be in crisis management" in the next downturn, Ceja said. "We want as many tools as possible for when times are not as good as they are now."

Continue reading.

The Pew Charitable Trusts

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