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Rainy Days Ahead: States Boost Reserves, Anticipating Slowdown.

An expanding economy led to expanded budgets. Now, with slowdown looming, rainy-day funds get more attention

As the longest economic expansion in American history continued last year, state governments increased salaries for teachers and other public employees, authorized new construction projects and — recognizing good times won't last forever — added to reserve funds.

Cash reserves could become more important this year, as experts project the economy to slow down in 2020. Though a full-scale recession seems less likely than it did at points last year, a slower rate of growth still appears likely. Fitch Ratings, a credit ratings agency, projects a 1.7 percent expansion in 2020, which would be the lowest level since 2011.

Understanding that growth — which has lasted since the Great Recession officially ended in June 2009 — can't last forever, most states have tried to budget conservatively and set money aside, according to Eric Kim, senior director of public finance at Fitch.

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Roll Call

by Jacob Fischler

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