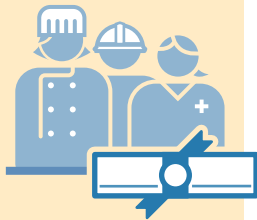


# A Blueprint for Building Thriving State Economies

Smart state fiscal policies can help create jobs now, boost incomes, promote equity, and prime states for long-term prosperity.

1



## Unleash Potential by Investing in Education and Health

- **Implement proven school reforms**

Well-funded public schools help kids get a good start in life — especially when funding targets investments shown to produce better outcomes, like early learning, smaller classes, and higher teacher quality. These investments also improve the economy. For example, high-quality preschool improves not only children’s academic performance but also, over time, the quality of a state’s workforce and jobs.

- **Expand access to higher education and job training**

States with a better-educated workforce tend to have faster economic growth. More public dollars for public colleges and universities and need-based financial aid would help make higher education more accessible. Job training focused on the skills local employers need also produces substantial payoffs.

- **Expand access to affordable health care**

Health coverage lets families and individuals get needed preventive and ongoing health care, which keeps them healthier and more productive as workers.

2



## Launch Public Infrastructure Projects for Jobs and Equity

- **Build and restore roads, public transit, and water systems**

By reversing the serious decline in vital public infrastructure, states can create jobs now and improve economic growth and job quality in the long run. Infrastructure spending also can improve racial and economic equity. Often the communities most in need of upgraded schools and water systems, for example, are predominantly lower income and of color.

- **Repair and build schools**

Neglect of K-12 schools — which has especially affected those in economically struggling communities — hurts students’ health and school performance and weakens the country’s long-term prosperity. Reversing this decline is key to promoting full economic recovery and creating good jobs, particularly for historically neglected communities.

3



## Boost Household Incomes

- **Raise working families' earnings**

State-level Earned Income Tax Credits (EITCs) help working families earning low wages meet basic needs and build on the federal EITC's well-documented, long-term positive effects on children. States can also promote family economic stability by raising their minimum wage. Both help to ensure that low-paid workers — including women and people of color, who are likelier to earn low pay — share in a state's economic gains.

- **Buoy individuals and families facing major barriers to work**

Many families aren't paid enough to get by, are unemployed, need to care for a sick child, or face a crisis such as fleeing an abusive relationship. Many also face serious mental or physical health problems or chronic illness. States should maintain cash assistance and other supports like child care and transportation subsidies to help these families meet basic needs and find and keep jobs.

- **Reduce the number of adults and youth behind bars**

Smart criminal justice reforms can reduce the high costs of over-incarceration for individuals and families — especially in communities of color — and state budgets.

- **Let immigrants contribute fully**

States should leave immigration enforcement to federal agencies and adopt more inclusive approaches that bring unauthorized immigrants into the mainstream economy.

4



## Clean Up the Tax Code

- **Get rid of ineffective, special-interest tax breaks**

States should regularly monitor and evaluate economic development subsidies and eliminate those that are ineffective. More broadly, states should scrutinize the billions of dollars they spend each year in tax credits, deductions, and exemptions. For the most part, these “tax expenditures” go unexamined.

- **Modernize state sales taxes**

States can halt the erosion of their sales taxes and improve their long-term ability to invest in state priorities by broadening the sales tax to include more services, which make up a growing share of consumption. States should also act to ensure that businesses collect sales taxes on online purchases.

- **Ask those at the top to pay their share**

Households with the highest incomes pay the least in state and local taxes, when measured as a share of income. Policymakers can reduce income and wealth inequality, which is especially pronounced by race and ethnicity, by raising income tax rates for the highest-income households and scaling back tax breaks that disproportionately benefit them.

- **Tax carbon emissions and resource extraction**

Struggling communities often bear the brunt of the effects of carbon pollution, yet also would be hit hardest by taxes on carbon pollution. States can design carbon-tax measures to generate enough revenue to offset the hit to low-income households from higher energy prices and leave plenty for other uses.

**More on this topic:** <https://www.cbpp.org/blueprint>