

Who  
**FIT**  
Can Help

FIT is intended for community and economic development professionals, primarily in small and mid-size communities. It can be used simply to learn about the likely general costs and benefits of proposed development projects. Or it can help in decisionmaking, providing information on the support a community or region might be able to afford when looking at different development possibilities.

What  
**FIT**  
Won't Do

FIT provides a quick analysis of the impact of proposed economic development projects. It does not purport to give a single “right” answer but seeks only to present a rough picture of the likely impact. Users may be able to increase the precision of results by developing their own more robust analytical framework or by working in conjunction with professional development consultants practiced in more complex analysis.

How to Get  
**FIT**

FIT is available via e-mail or CD. It comes in several versions, each containing detailed information for all places, incorporated or otherwise, in a particular region. Special instructions are available for visually impaired users and others who use screen readers.

To inquire about FIT, to obtain a free copy, or to register comments about the tool, use the inquiry form at [www.federalreserve.gov/forms/fiscalimpactrequest.cfm](http://www.federalreserve.gov/forms/fiscalimpactrequest.cfm). Be sure to identify the FIT version for the geographic region in which your community is located.



# FedFIT

## Federal Reserve Fiscal Impact Tool

Software for community and economic developers and others concerned with the effects of economic development on local government costs and revenues

FedFIT is a product of the  
Division of Consumer and Community Affairs  
Community Affairs Section (202-452-3378)

Board of Governors of the Federal Reserve System  
Washington, DC 20551



## What FIT Is

FIT is easy-to-use software designed to help community and economic developers estimate the likely effects of a specific economic development project—such as a department store or an auto assembly plant—on local tax revenues and government costs.

FIT is not a complicated economic model, but rather a large calculator that walks users through the steps and assumptions necessary to quantify fiscal impacts.

FIT is a straightforward way of analyzing the fiscal consequences of development for those unaccustomed to putting pencil to paper for such purposes.

Users of FIT can run multiple scenarios to test the effects of different assumptions about revenues and costs. The scenarios can be saved for review at a later date.

FIT comes with a comprehensive Users Guide. The guide's table of contents is hot-linked to detailed instructions and examples that can help users determine the appropriate parameters for their analyses.

## How FIT Works

FIT is a large Excel workbook divided into several worksheets. Data entry is generally quite simple. The accompanying Users Guide explains the process and the underlying concepts.

In the revenue portion of the exercise, FIT asks the user to identify a community; describe the proposed project (number of jobs, average salary, and the like); and enter local sales and property tax rates, plus additional one-time and on-going revenue likely to flow from the project. FIT then walks the user through a set of default assumptions, developed by the software, that can be adapted to local circumstances.

In the cost portion of the exercise, the user estimates the one-time and ongoing costs likely to be associated with the proposed project (the costs of providing education, highways, and other government services) and the proportion of those costs to be borne by the community. FIT provides recent data on state and local government spending, by category, to aid in estimation.

## What Info FIT Provides

FIT produces estimates of the direct, indirect, and total impacts of a proposed project on employment, income, and tax revenue for both the community and the county (or multi-county area) in which the project is to be located.

FIT also produces a cost-benefit analysis, for both the community and the county, based on user-provided estimates of local capacity and the distribution of costs to the community and county.

The output produced by FIT—including a list of the assumptions used in the analysis—is presented in easy-to-interpret tables, charts, and text summaries.

## What Else FIT Offers

FIT is chock-full of data to enhance interpretation of the tool's output, including

- more than thirty years of population and income data, by county and state
- a decade of labor force, employment, and unemployment data, by county and state
- retail sales, employment, and establishment data, by county and state—and, if available, community