

Building a Stronger Fiscal Foundation: An Agenda for 2021

Academy Election 2020 Project

Working Group: Advance the Nation's Fiscal Health

Background

The United States faces serious current and long-term fiscal challenges at every level of government. The Covid-19 pandemic has already added to, and will continue to add to, the stresses on the fiscal system. In FY 2020, the Congressional Budget Office projects a deficit of \$3.3 trillion and debt to equal 98% of GDP. In the aftermath of the coronavirus pandemic, it is essential that the government is put on a responsible fiscal path which addresses deficit spending, programs driven by an aging population, and the failure of the revenue base to keep up with growth in debt.

The Challenge: Advancing the Nation's Fiscal Health

The pressure of long-term structural fiscal trends at all levels of government makes it more difficult to invest in the future. With a larger portion of government budgets going to interest payments on previously accumulated debts and legacy entitlement programs, it will be more difficult to find the resources needed to meet future needs.

Recommendations for 2021

1. **Fix a broken federal budgeting process** by adopting a four-year strategic plan where the federal government articulates, anticipates, and budgets for its crisis finance and management roles.
2. Achieve **fiscal sustainability** by flattening the debt growth curve and planning for future shocks by implementing an intergenerational debt relief surcharge and a budget policy of planning for fiscal emergencies.
3. Adopt **investments criteria** that optimize an asset's long-term performance by defining a standardized life-cycle cost analysis, developing comprehensive asset management strategies, and leveraging new technology.
4. **Enhance financial management and controls** by expanding the use of accrual accounting, tightening controls over obligations, and giving federal agencies opportunities to contribute toward fiscal health.
5. Build **fiscally sound intergovernmental partnerships and when the economy recovers**, federal aid can shift from providing funds to leveraging state, local, and private funding.
6. Continued **federal intervention in the economy in response to Coronavirus** through legislation and monetary policy.

Additional Resources

These resources provide additional information and recommendations in the line with the Election 2020 paper, Building a Stronger Fiscal Foundation: An Agenda for 2021.

[The Academy: Election 2020: Building a Stronger Fiscal Foundation](#)

[The Academy: When Precedent Isn't a Guidepost: State and Local Budgets in the COVID 19 Era](#)

[The Academy: Virtual Roundtable on Fiscal Health](#)

[GAO Report: THE NATION'S FISCAL HEALTH: Actions Needed to Achieve](#)

[Long-Term Fiscal Sustainability](#)

[GAO Report: Federal Trust Funds and Other Dedicated Funds: Fiscal Sustainability is a Growing Concern for Some Key Funds](#)





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