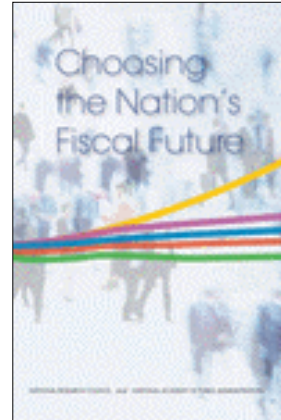


## *Putting Federal Budgets to the Test*

*Choosing the Nation's Fiscal Future*, a report from the National Research Council and the National Academy of Public Administration, offers a series of questions that can be used to evaluate whether any proposed federal budget is fiscally prudent.



- Does the proposed budget include policy actions that start to reduce the deficit in the near future in order to reduce short-term borrowing and long-term interest costs?
- Does the proposed budget put the government on a path to reduce the federal debt within a decade, starting in 2012, to a sustainable percentage of GDP?

*Given the fiscal outlook and the committee's analysis of the many factors that affect economic outcomes, the committee believes that the lowest ratio that is economically manageable within a decade, as well as practically and politically feasible, is 60 percent.*

- Does the proposed budget align revenues and spending closely over the long term?
- Does the proposed budget restrain health care cost growth and introduce changes now in the major entitlement programs and in other spending and tax policies that will have cumulative beneficial fiscal effects over time?
- Does the budget include spending and revenue policies that are cost-effective and promote more efficient use of resources in the public and private sectors?
- Does the federal budget reflect a realistic assessment of the fiscal problems facing state and local governments?

Discussion of these tests and how to apply them can be found in *Choosing the Nation's Fiscal Future*, available from the National Academies Press at <http://www.nap.edu>, or from the National Academy of Public Administration at <http://www.napawash.org>.