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New GFOA Fiscal First Aid Research Paper - Balancing the Budget Part 2

Balancing the Budget in Bad Times: Riskier Treatments for Reducing Cost and Enhancing Revenues in the Next 12-18 months

Step 5 of the GFOA 12 steps to recover from financial distress is called “Near-Term Treatments.” This paper is the second in a two-part series. The first paper covered “primary” or lowest risk Near-Term Treatments and how to create the right decision-making environment and management disciplines to get the most out of all Near-Term Treatments.

The lowest risk Near-Term Treatments are the proverbial “low-hanging fruit” that government leaders often seek to close budget gaps in good times and bad. But the reality is that many governments will have to go beyond the primary techniques to address their economic and fiscal challenges. Governments facing a drop in revenues, increases in expenditures, spikes in demand for services, and loss of capacity are unlikely to overcome those problems by doing the basics well. Leaders will likely have to consider some of the riskier techniques and evaluate them carefully.

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