Economic Policy Survey

February 2026

NABE Panel Shifts Attention from Downturn Risks to Structural Policy Concerns, Including AI, the Deficit, Housing, and Immigration

For further information contact:

Economists   **Gregory Daco** I NABE President I 917-880-2637 I Gregory.Daco@parthenon.ey.com

Selma Hepp I NABE Policy Survey Co-Chair I 202-525-8436 I sehepp@cotality.com

Ken Simonson I NABE Policy Survey Analyst I 202-329-9671 I ken.simonson@agc.org

Holly Wade I NABE Policy Survey Analyst I 703-869-4576 I holly.wade.nfib.org

Media   **Melissa Golding** I NABE Press Officer I 571-236-2820 I melissagolding@cox.net

*The February 2026 NABE Economic Policy Survey press release summarizes the responses of 152 members of the National Association for Business Economics (NABE). Conducted semiannually, this survey was administered January 29-February 9, 2026. Survey findings may be reprinted in whole or in part with credit given to NABE. Survey results can be viewed online, including complete tabulations, at NABE.com. This is one of three surveys conducted by NABE—the other two are the NABE Outlook Survey and the NABE Business Conditions Survey. **Nick Bunker,** Mastercard, Survey Co-Chair; **Selma Hepp,** Cotality, Survey Co-Chair; **Nekabari Goka,** Google; **Kirti Gupta,** Cornerstone Research; **Mervin Jebaraj,** University of Arkansas; **Caitlin McLiverty,** National Association for Business Economics; **Michael Redmond, CBE,** Medley Global Advisors; **Ken Simonson,** Associated General Contractors of America; and **Holly Wade,** NFIB Research Center, conducted the analysis for this report Edited by **Kate Anderson.***

Summary

"The February 2026 NABE Economic Policy Survey shows recession concerns continue to recede, with 45% of panelists expecting the next downturn no earlier than the second half of 2027," said **NABE President Gregory Daco,** chief economist, EY-Parthenon, Ernst & Young LLP. "Confidence in monetary policy has strengthened, with 80% of panelists viewing the current stance as about right, even as roughly two-thirds of them do not expect inflation to return to the Fed's 2% target before the second half of 2027. At the same time, a majority identifies reducing the deficit as the administration's top priority—ahead of immigration and healthcare reform—favoring a mix of structural measures to boost growth, spending restraint or entitlement reform, and higher taxes to address the fiscal gap."

"The February survey reveals a fascinating dichotomy: a high degree of optimism regarding AI's potential to drive productivity, juxtaposed with deep-seated concerns over housing affordability and immigration reform," added **NABE Policy Survey Co-Chair Selma Hepp,** chief economist and senior vice president, Cotality. "It is particularly telling that over 60% of respondents favor reducing federal regulatory burdens to stimulate homebuilding, reflecting a shift toward supply-side solutions for the housing crisis. As we navigate these transitions, the high level of concern regarding the quality of economic statistics reminds us that reliable data remain the essential foundation for effective policy in an increasingly complex landscape."

Fiscal Policy

A majority of respondents (61%) views current fiscal policy as "too stimulative," a slight increase from the 60% recorded in the August 2025 survey, and the largest share of respondents holding that opinion since the summer of 2018. Twenty-seven percent of panelists believe fiscal policy is "about right," a substantial increase from the record low of 19% in August 2025. Just 9% of respondents characterize policy as "too restrictive," down from 16% in the previous survey.

The primary objective of fiscal policy remains a point of contention among members of the NABE Policy Survey Panel:

- 46% of respondents believe the top priority should be reducing the deficit and debt, up from 43% in the August survey.

- 39% favor promoting robust medium-to-long-term economic growth, in line with the 40% in August.

- 12% prioritize addressing income inequality, similar to the 11% reported in the previous survey.

To address the current fiscal deficit, panelists recommend a multi-pronged approach:

- 62% support enacting structural policies to stimulate stronger economic growth.

- 55% advocate spending restraint or cuts to federal entitlements.

- 49% suggest increasing tax revenues by raising existing tax rates.

- 47% recommend cuts to non-defense discretionary federal programs, while 42% support restraint in defense spending.

Panelists were also asked about the long-term impact of debt on interest rates. Forty-five percent agree with the Congressional Budget Office estimate that a one-percentage-point increase in debt-to-GDP will raise long-run interest rates by 1-to-2 basis points (bps). An additional 18% anticipate a larger impact of 3-to-5 bps.

Figure 1
Assessment of Current Fiscal Policy, Over Time
Percent of respondents, Q1 and Q3, 2015-2026
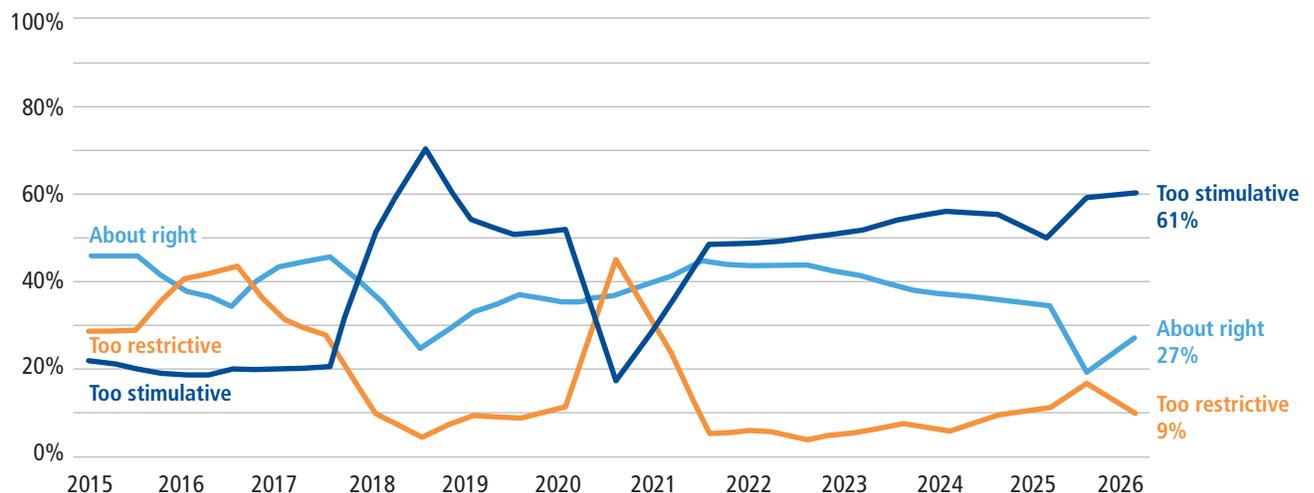
Monetary Policy, Inflation, and Recession Expectations

Confidence in the current stance of monetary policy has strengthened, with 80% of respondents characterizing it as "about right," up from 75% in the August 2025 survey. The share of panelists viewing policy as "too restrictive" has declined sharply to 9% from 23%, while 11% now see it as "too stimulative," up from 3% in the August survey.

Regarding the timing of future actions by the Federal Open Market Committee (FOMC) and the Federal Reserve's independence:

- 36% of respondents expect the next interest rate cut to occur at the June 16-17, 2026, meeting of the FOMC; 28% anticipate the next rate cut will be delayed until the second half of 2026 or later.

- The largest share of panelists (38%) expects the upper end of the federal funds target range to be 3.25% at year-end 2026, while 27% project it to be 3.50%.

- Concerns regarding the Federal Reserve's independence remain elevated. Forty-nine percent of panelists are "very concerned" that policy decisions may be significantly influenced by the administration, and 31% are "somewhat concerned" that political influence could shape the views of multiple FOMC members.

- A majority of panelists believes that political interference in monetary policy decisions would likely lead to higher fiscal costs. Sixty-eight percent of respondents say that sustained political interference in monetary policy over the next few years would push the yield on the 10-year Treasury note up by at least 25 basis points, and 33% of respondents expect the yield would rise by more than 50 basis points.

- A strong majority (72%) maintains that the U.S. president should have no role in monetary policy decisions.

Please note: 71% of respondents answered the survey questions regarding the Federal Reserve after President Trump announced Kevin Warsh would be his nominee to be the next Fed chair; 29% responded to the survey before the announcement.

Expectations that inflation (as measured by the personal consumption expenditures price index) will reach the Fed's 2.0% target in the near term remain pessimistic:

- 44% of respondents believe the target will not be reached before 2028, at the earliest.

- Fewer than 10% of respondents expect the target to be met in either the first half of 2026 (1% of respondents), or the second half (8% of respondents).

Recession expectations continue to be pushed further into the future: 45% of panelists believe the next recession will not commence until H2 2027 or later. Only 7% believe the U.S. is either currently in a recession, or will be by the midpoint of this year.

Figure 2
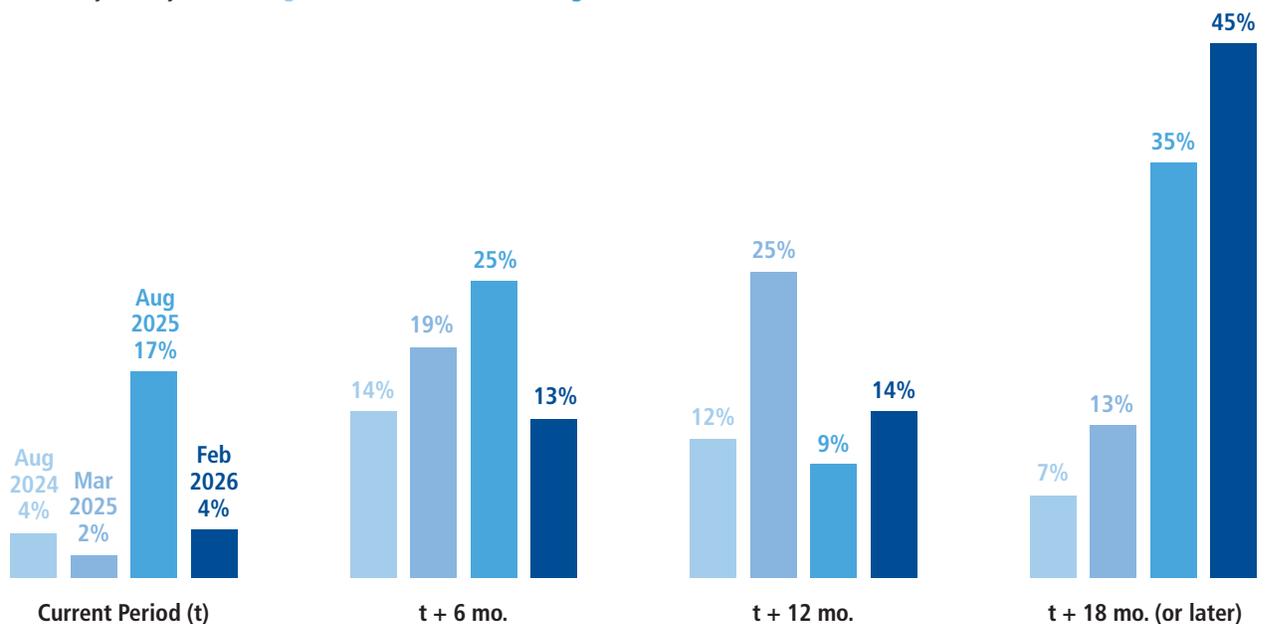**Assessment of Current Monetary Policy, Over Time**
Percent of respondents, Q1 and Q3, 2015-2026
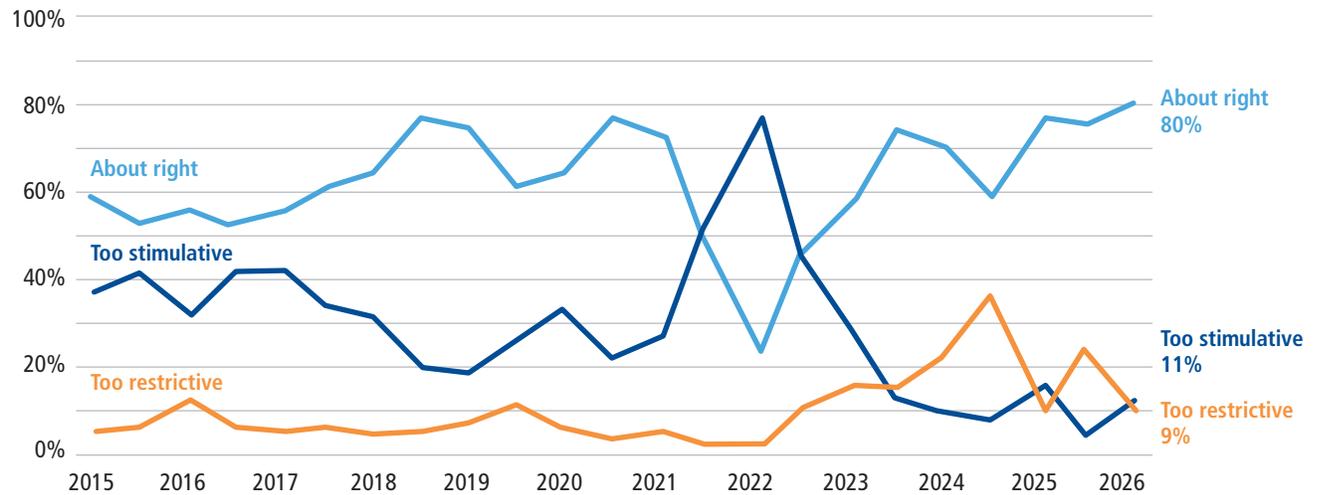
Figure 3
Expected Start of the Next U.S. Recession:
As Recorded in Q3 2024 - Q1 2026
Snapshots of past NABE Policy Survey expected recession start timing (x-axis)

NABE Policy Survey: ■ Aug 2024 ■ Mar 2025 ■ Aug 2025 ■ Feb 2026

U.S. Dollar as Reserve Currency and Integrity of Government Statistics

NABE Policy Survey members are not overly concerned about the U.S. dollar's role as the predominant global reserve currency. Asked to rate their concern on a 1-to-10-point scale (nonexistent-to-severe) that the U.S. dollar will lose its key reserve status over the next 10 years, the average response is 4.7. The consequences for losing this status, however, could be large, according to survey respondents: 41% indicate that reduced foreign demand for dollar-denominated assets would significantly or severely exacerbate U.S. fiscal sustainability concerns.

Integrity of Government Statistics

Panelists were asked about their level of concern regarding the quality and reliability of U.S. economic statistics over the next few years. On a 1-to-10-point scale (1 being the least concerned), the average response is 7, indicating a high level of concern for the outlook for official government economic statistics.

Immigration, AI, and Workforce Policy

Panelists answered several questions related to U.S. immigration policy. A majority (61%) of respondents believes that the U.S. should increase the number of immigrants legally admitted into the country, a decline from the 67% who held this view in the August survey; 7% say the number should be reduced. Approximately one-quarter (26%) of respondents thinks that the U.S. should keep the number of immigrants legally admitted into the country unchanged.

When asked about the U.S. visa programs, most respondents (77%) indicate that the U.S. should expand high-skill visa programs (such as the H-1B visa), and 68% say the U.S. should expand lower-skill visa programs (such as the H-2A and H-2B visas). Fewer respondents favor expanding both high-skilled and lower-skilled visa programs than reported in the August survey (4 percentage points and 11 points lower, respectively). A majority of respondents (54%) thinks that the U.S. should institute a "merit-based" immigration system, the same percentage as in the August 2025 survey. The percent of respondents in favor of the U.S. increasing spending on border enforcement fell again, to 25% (down from 35% in August and 53% in March). About one-in-10 panelists (11%) supports an increase in spending on detentions and deportations. No panelist indicates that "immigration policies are fine as they are."

On a scale of 1-to-10 (nonexistent to severe), the view regarding the need for Congressional immigration reform moved along the scale to an average of 8.2, up from 7.8 in August. When asked about the impact of current immigration policies on the economy over the next 12 months, over three-quarters of respondents (78%) anticipate a decline in economic growth, while 6% anticipate an increase. Fifteen percent do not anticipate any significant impact one way or another.

NABE Policy Survey panelists are relatively optimistic about the potential for artificial intelligence (AI) to boost economic growth. Seventy-four percent of respondents believe that AI will moderately increase productivity growth over the next three to five years, while 12% believe productivity growth will be significantly boosted. Eleven percent of panelists believe AI will have little to no effect.

The panel's views are more mixed regarding the employment effects of AI. The plurality of respondents (48%) believes that AI will modestly reduce employment over the next three to five years. Roughly a quarter of respondents (27%) believes AI will have little to no effect on employment, while 13% believe AI will modestly increase employment.

Housing Policy

The NABE Policy Survey panelists were asked about their views regarding several housing policy proposals. The largest share of respondents (64%) either somewhat supports (31%) or strongly supports (33%) the proposal that would reduce federal regulatory burdens on homebuilding by streamlining or waiving selected environmental/energy efficiency rules to cut time and cost. The second largest (59%) share of respondents "somewhat" (39%) or "strongly" (20%) supports the proposal which would expand assumable/portable mortgages by allowing buyers to take over a seller's low-rate loan, or carry a buyer's existing loan to a new home. The proposal ranking third in support (42%) addresses penalty-free use of retirement/education savings for down payments, such as allowing 401(k)/529 withdrawals without early withdrawal penalties. Conversely, a slightly smaller share of respondents (39%) somewhat or strongly opposes this proposal.
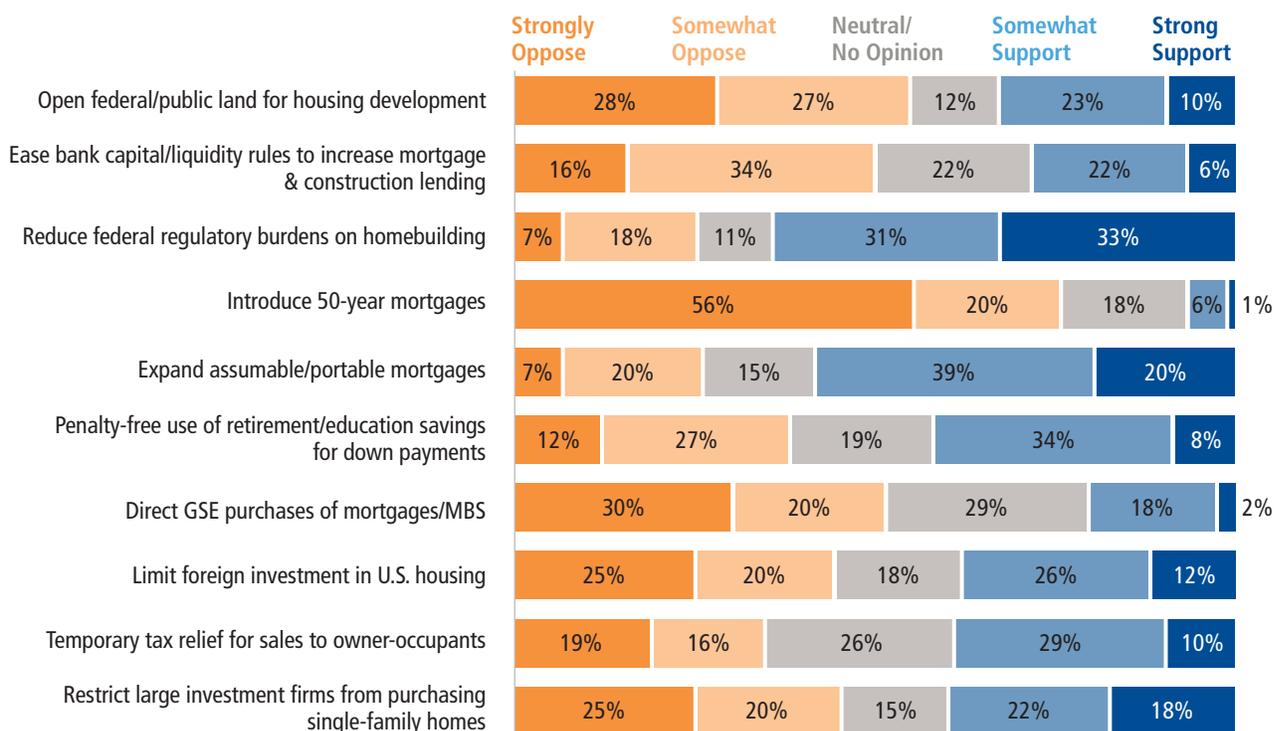
Two other proposals that have a similar share of respondents supporting or opposing it include restriction on large investment firms from purchasing single-family homes, and temporary tax relief for sales to owner occupants (e.g., capital gains "holiday" for landlords/investors who sell to families that will live in the home).

The proposal garnering the least support is the introduction of 50-year mortgages, which would allow for longer amortization to reduce monthly mortgage payments: 76% of panelists either somewhat or strongly oppose this policy option. Opening federal and/or public land for housing development is the second least popular proposal, with 55% of respondents opposing it.

About half of the respondents, 51%, opposes direct GSE purchases of mortgage-backed securities (e.g., Fannie Mae/Freddie Mac buying roughly $200 billion of mortgages to push mortgage interest rates lower). Half the panel also opposes the easing of bank capital and liquidity rules to increase mortgage and construction lending.

Figure 4
Level of Support for Potential Federal Housing Policy Proposals
Over the next 2-3 Years
Percent of Respondents at Each Level of Support

	Strongly Oppose	Somewhat Oppose	Neutral/ No Opinion	Somewhat Support	Strong Support
Open federal/public land for housing development	28%	27%	12%	23%	10%
Ease bank capital/liquidity rules to increase mortgage & construction lending	16%	34%	22%	22%	6%
Reduce federal regulatory burdens on homebuilding	7%	18%	11%	31%	33%
Introduce 50-year mortgages	56%	20%	18%	6%	1%
Expand assumable/portable mortgages	7%	20%	15%	39%	20%
Penalty-free use of retirement/education savings for down payments	12%	27%	19%	34%	8%
Direct GSE purchases of mortgages/MBS	30%	20%	29%	18%	2%
Limit foreign investment in U.S. housing	25%	20%	18%	26%	12%
Temporary tax relief for sales to owner-occupants	19%	16%	26%	29%	10%
Restrict large investment firms from purchasing single-family homes	25%	20%	15%	22%	18%

International Policy

Regarding the significance of economic developments in Venezuela on global energy markets and inflation expectations in the near term, 34% of respondents believe that the developments will be somewhat significant, while 57% of respondents believe that the developments will not be significant at all. Just 9% of respondents believe that economic developments in Venezuela will have a significant impact on global energy markets and inflation in the near term.

Panelists were asked whether the United States should withdraw from the United States–Mexico–Canada Agreement (USMCA). A majority (75%) of respondents says that the U.S. should remain in the agreement, indicating that it is critical to U.S. industries and should be preserved. Another 16% say that continued participation should be conditional on Mexico and Canada strengthening border enforcement to reduce immigration and drug flows into the U.S., and limiting Chinese foreign direct investment (FDI). Just 1% support withdrawing from the agreement altogether.

Priorities for the Current Administration

Panelists were asked what they consider the three most important policy issues that the Trump Administration should address in the coming years. The most frequently cited issue, selected by 56% of respondents, is reducing the budget deficit. This issue continues to stand out as the top priority among those surveyed since the question was first asked in August 2024. Immigration reform remains the second most-cited issue, identified by 32% of panelists. Healthcare reform rose to the third most-cited issue (30% of respondents), while economic growth is cited by 29% (dropping from third place in the August 2025 survey). A second tier of issues garnering support from about one-fifth to one-quarter of respondents includes affordable housing (25%), infrastructure investment (22%), and balancing innovation and safeguards around artificial intelligence (20%).

Figure 5
Issue Ratings Summary: U.S. Economic Statistics Reliability, Dollar Reserve-Currency Risk, and Immigration
Rating Level (1-10); Average, Median, and Standard Deviation
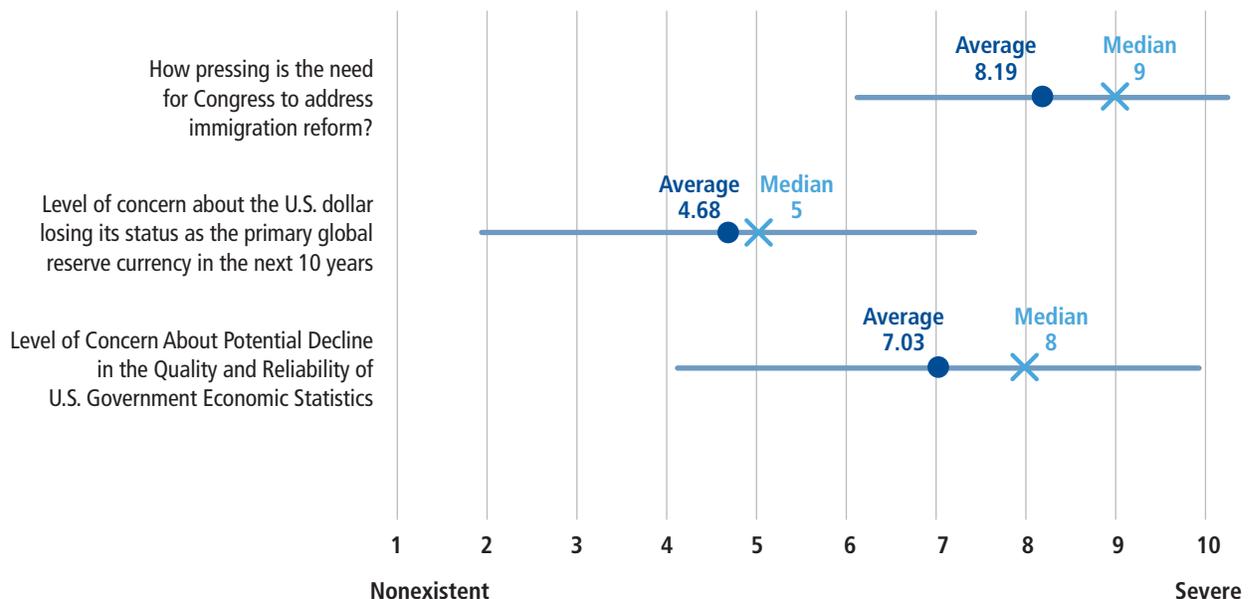
What Respondents Are Saying

"Many of the policies imposed over the past year have caused significant damage to America's long-term productive potential, as well as to its attractiveness as a destination for global talent and capital. The costs of many of these policies may be masked, temporarily, by the boom in artificial intelligence and by supportive cyclical conditions, but they will be paid sooner or later."

> — **Matthew Klein,** *Founder and Principal,* The Overshoot

"A comprehensive immigration policy is a core component of a sustainable economic growth strategy. When aligned with labor market demand and workforce systems, immigration expands labor supply, enhances productivity, and supports long-term economic stability and shared prosperity across the United States. Immigration reform should be evaluated as a structural supply-side policy lever with measurable impacts on labor force participation, potential output, inflation dynamics, and long-run growth."

> — **Dr. Mardy Leathers,** *Founding Principal,* Hashtag Strategies

"There is no 'one size fits all' solution to solving the deficit issue. We cannot simply grow our way out of this. We have to address it head on by reducing spending, reducing health care expenditures, and increasing tax revenues."

> — **Beau Whitney,** *Chief Economist,* Whitney Economics

"The current administration's underinvestment and capricious interference in the federal statistical agencies will have significant negative consequences."

> — **Pasquale Rocco,** *Research Director,* TWIN Capital Management, Inc.

Policy Survey Committee

Nick Bunker, Mastercard, *Survey Co-Chair*

Selma Hepp, Cotality, *Survey Co-Chair*

Nekabari Goka, Google

Kirti Gupta, Cornerstone Research

Mervin Jebaraj, University of Arkansas

Caitlin McLiverty, National Association for Business Economics

Michael Redmond, CBE, Medley Global Advisors

Ken Simonson, Associated General Contractors of America

Holly Wade, NFIB Research Center

Edited by: **Kate Anderson**

Certified Business Economist® (CBE) is the certification in business economics and data analytics developed by the National Association for Business Economics. It documents a professional's accomplishments, experience, and abilities, and demonstrates mastery of the body of knowledge critical for a successful career in the field of economics and data analytics.