



Systems Under Strain| Policymaker Perspectives on Economic and Systemic Pressure

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Penta Insiders

Executive Summary

Policymakers see US economic and governance systems as stable by traditional indicators, but increasingly constrained in practice. Across issue areas, institutions remain operational but lack the capacity, coordination, and resilience to absorb additional shocks, making current stability conditional rather than durable.

Economy: Policymakers noted how inflation is still a daily burden. They noted high prices for essentials and economic uncertainty driven by global disruptions and rapid shifts from the current administration.

Banking: Policymakers highlighted issues around risk controls and transparency at large institutions and noted uneven supervision across regulators.

AI & Technology: Policymakers described AI as moving faster than governance. They pointed to misinformation, fraud, cybersecurity risk, and workforce disruption, along with unclear accountability and coordination across agencies.

Energy: Policymakers emphasized high costs and the need for reliability. They noted grid capacity limits, storage constraints, rising demand from data centers, and permitting delays as barriers to resilience and planning.

Healthcare: Policymakers framed healthcare as both an affordability issue and a capacity problem. They pointed to rising costs, staffing shortages, and uneven access with spillover impacts on budgets and workforce stability.

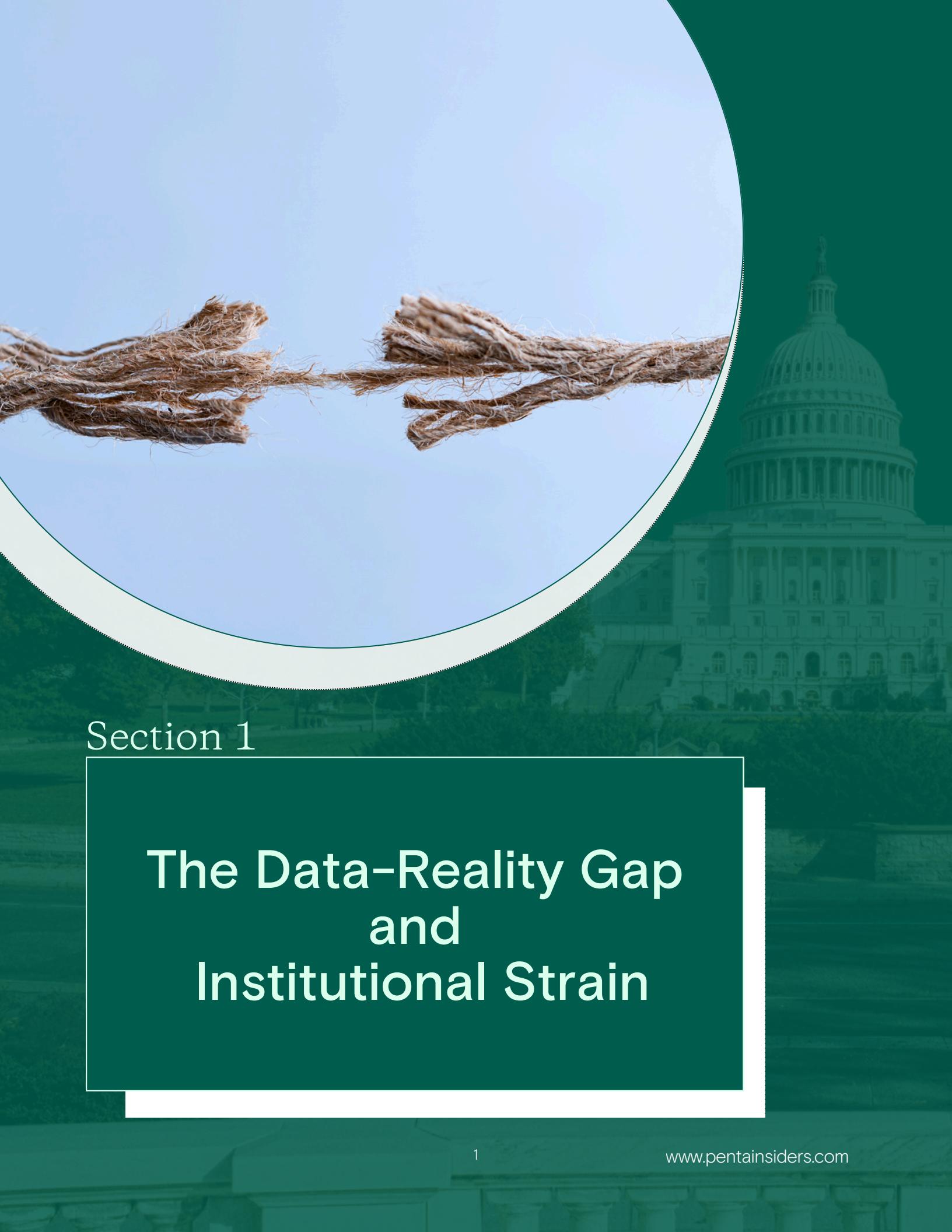
Across issue areas, policymakers described systems that remain operational but increasingly constrained. While traditional indicators suggest stability, limited capacity, fragmented governance, and rising exposure to external shocks have made that stability feel conditional rather than durable. This report explores how that dynamic is shaping policymaker perceptions across the economy, banking, AI and technology, energy, and healthcare.

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Prepared by

Content Marketing Specialist, External Affairs
Venessa Nyambi



Section 1

The Data-Reality Gap and Institutional Strain

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The Data-Reality Gap

In our 2025 qualitative study we spoke with policymakers to understand the issues that were top of mind for them. An overarching sentiment shared among policymakers was highlighting what they felt was a disconnect between macro-level economic indicators and the day-to-day experiences of American citizens. While inflation and energy prices appear more stable on paper, they noted that households and small businesses continue to face elevated costs for food, housing, healthcare, and utilities. In healthcare and energy especially, access and affordability were described as varying widely by geography and income.

This perceived gap between indicators and lived experience serves as the foundation for how policymakers interpret pressures across multiple systems. Rather than relying solely on aggregate indicators, many described constituent feedback and local experience as more reliable signals of economic realities.

The fact that everything's getting more expensive but we can now split payments into installments, is really flirting with debt, compounding interest, and unmanageable financial obligations.

Deputy Director, Capitol Hill (D)

I think everything's gotten more expensive in the past year. I've seen it in my own utility bills. Gas prices have gone down from where they were, but the overall cost of gas and electric has been steadily increasing.

Legislative Director, Capitol Hill (R)

Institutions Struggling to Keep Pace

Policymakers described multiple systems operating at or near capacity. Staffing shortages, outdated infrastructure, and permitting backlogs were cited across sectors as having limited responsiveness. With regard to AI governance, lawmakers highlighted the struggle of working in parallel rather than in coordination with AI companies. In banking, policymakers noted that regulation was viewed as lagging behind rapidly shifting risk profiles. Similarly, in energy, grid constraints and storage limitations were seen as slowing adaptation to rising demand.

The common thread being emphasized among policymakers was not dysfunction, but strain. Policymakers described institutions that continue to function, but with limited space for additional pressure.

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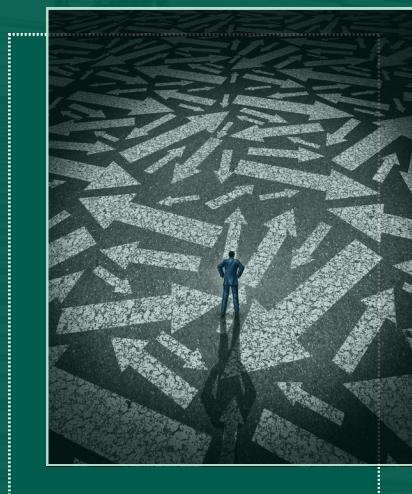
Fragmentation and Policy Uncertainty

Policymakers described fragmentation not as a standalone challenge, but as a consequence of systems operating under sustained strain. In banking, they noted that different regulators prioritize different risk priorities, creating uneven oversight. In energy and climate policy, varying disclosure requirements and regulatory expectations complicate compliance and long-term planning. In AI, the absence of a unified coordinating framework was described as leaving uncertainty around jurisdiction and accountability. This fragmentation makes it harder for policymakers to assess risk consistently and for regulated entities to plan with confidence.

Shock Sensitivity: Stability Feels Vulnerable to Sudden Change

With limited capacity and coordination already constraining systems, policymakers more often described strain than outright dysfunction. They pointed to sudden shifts in interest rates as a risk for both the broader economy and the banking system, particularly given exposure to commercial real estate and refinancing pressure. In energy, policymakers raised concerns about supply disruptions linked to extreme weather events, grid capacity limits, and insufficient storage, especially during periods of peak demand. Geopolitical developments were cited as a source of uncertainty that could affect supply chains, energy markets, and overall economic confidence.

In addition, policymakers pointed to rapid changes in AI deployment as a potential destabilizing factor, particularly where governance, accountability, and coordination lag behind adoption. Across these areas, policymakers described stability as conditional, dependent on systems that are already under strain not being tested by additional shocks. These concerns set the stage for how policymakers assess the economy, an area they consistently described as stable by standard indicators, yet increasingly fragile in day-to-day experience.



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The parameters that apply today could be different in a year. I don't have a fully-formed conclusion on how regulators should approach this so they can keep up with how quickly the technology is developing.

Special Assistant, Executive Branch (D)

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Section 2

The Pressing Issues Facing Policymakers

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The Economy: Stable on Paper, Fragile in Practice

As one of the most pressing issues acknowledged by policymakers, the economy was described as appearing to be stable by standard indicators, but policymakers noted it was increasingly fragile in day-to-day experience. While inflation has eased, they noted that households and businesses continue to operate under cost pressures, particularly when it comes to food, housing, healthcare, and energy. These increasing everyday expenses were pinpointed as the primary way constituents judge economic health.

This divergence has shaped how policymakers assess economic conditions. While employment figures remain strong, policymakers emphasized that many small businesses are facing higher input costs and tighter margins that are limiting their ability to expand. In this context, policymakers framed economic stability as conditional, noting that persistent cost pressures are constraining growth even as headline indicators remain steady.

With stability already shaped by cost pressures, policymakers turned to interest rate policy as a key point of tension. Easing too quickly was described as risking renewed price pressures, while prolonged tight conditions continue to weigh on borrowing, investment, and consumer purchasing power. In this setting, policymakers emphasized heightened sensitivity to external risks, noting that global developments, banking system stress, and energy market volatility could quickly shift conditions. Rather than anticipating a sharp downturn, they described an economy that remains functional but exposed.

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The private sector has been concerned about regulatory changes, tariffs, and the rapid shifts in policy. Companies are operating in a very uncertain environment and are focused more on understanding what's coming than on trying to shape outcomes or push for legislative changes.

Deputy Chief of Staff, Capitol Hill (D)

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With the rising costs of goods, wages, and materials, I don't know how some businesses, especially small ones, are managing to stay profitable. Everything is expensive right now. I wouldn't want to be a business owner in this economy.

Deputy Chief of Staff, Capitol Hill (R)

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Banking System: Stabilized but Not Secure

As a sector that is not a stranger to strain, policymakers highlighted the banking system as an increasingly stable sector, but still exposed to underlying vulnerabilities. They particularly pointed to interest rate sensitivity and liquidity pressure among regional banks as a lingering issue, alongside concerns about how efforts to ease financial regulations may affect consumer protections. Given the sector's fragility, policymakers noted that shifts in economic conditions could quickly reintroduce stress.

For larger banking institutions, policymakers raised concerns about internal controls, transparency, and risk management practices. Past failures continue to shape scrutiny, and regulation was described as uneven across regulators with differing priorities. Transparency gaps around liquidity and exposure levels were seen as limiting policymakers' ability to assess system-wide risk.

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The big issues are interest rates and the fact that consumers are losing buying power for major purchases like cars or first homes. After the last recession, the financial industry created tools to help consumers purchase first homes...that effort doesn't seem to exist now.

Attorney Advisor, Executive Branch (R)

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When describing the core banking policy tension in the nation, policymakers pointed to balancing financial stability with credit availability. Strengthening oversight risks constraining lending at a time when households and businesses are already under pressure. As a result, banking stability was framed as conditional, closely tied to interest rate trajectories, commercial real estate exposure, and broader economic conditions.

AI & Technology: Exponential Change, Linear Governance

Policymakers consistently described artificial intelligence as advancing faster than existing governance structures can adapt. Risks related to misinformation, fraud, cybersecurity, and workforce displacement were described as emerging simultaneously and often across sectors, complicating oversight.

Policymakers pointed to the lack of a unified governance framework as a key constraint on effective AI policy. Uncertainty around jurisdiction, coordination, and accountability, especially when AI systems cause harm, has made it difficult to advance legislation that balances innovation with meaningful safeguards.

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AI & Technology: Exponential Change, Linear Governance (cont.)

The core policy tradeoff centers on pace. Policymakers emphasized the risk of under-regulation eroding public trust, while over-regulation could slow beneficial innovation. This tension was described as unresolved, with governance frameworks struggling to keep up with deployment. Looking ahead, policymakers expect AI adoption to continue outpacing oversight, increasing pressure to address coordination gaps and clarify accountability before risks escalate further.

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The issue is that our members of Congress aren't really technologically astute to what AI is and how it works. So I don't think they're able to write the regulation effectively to actually make a change to it.

Legislative Advisor, Capitol Hill (D)

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The more interesting one that people aren't talking about as much is the AI regulatory framework. Unlike crypto, there's no consensus or advocacy group yet. Crypto organized politically and financially. AI hasn't.

Communications Director, Capitol Hill (R)

Energy & Climate: Ambition Outpacing Infrastructure

Across the board high energy costs were underscored as a persistent burden for households and businesses. Policymakers raised concerns about grid reliability amid rising demand from data centers, limited storage capacity, and the strain of extreme weather events.

Infrastructure constraints were described as a central limiting factor. Policymakers questioned whether existing systems can support rapid transitions without reliability risks. Permitting delays and inconsistent disclosure requirements across agencies were cited as barriers to planning and investment.



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There is this tug-of-war of people continuing to want energy infrastructure buildout and reduced cost, but people also don't want to have community inputs limited.

Deputy Chief of Staff, Capitol Hill (D)

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Energy & Climate: Ambition Outpacing Infrastructure (cont.)

The policy tension in energy was framed as balancing affordability, reliability, and community input. While there is broad support for infrastructure expansion, local opposition and regulatory complexity were described as slowing progress. As demand continues to rise, policymakers expect these constraints to remain a source of vulnerability, particularly if investment and permitting challenges persist.

Healthcare: System Under Pressure From All Sides

Reinforcing the overarching themes in our conversation with policymakers last year. They consistently described healthcare as operating under sustained pressure. Rising premiums, prescription drug costs, and out-of-pocket expenses were cited as major household burdens and frequent constituent concerns. Workforce shortages across hospitals, clinics, and long-term care facilities were described as compounding cost pressures. Staffing gaps were linked to longer wait times, reduced access, and strain on providers.

Access challenges were viewed as especially acute in rural and low-income communities. Policymakers also emphasized spillover effects on labor participation, hospital capacity, and government spending, reinforcing healthcare as a cross-cutting economic issue. Rather than anticipating near-term relief, policymakers expect healthcare costs and capacity constraints to continue shaping budgets and policy debates.

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The main issues tend to be the private insurance companies, the cost of overhead, denial of care, denial of appropriate treatment, and then also the amount of interference that PBMs play in the cost of prescription drugs and what drugs are able to be prescribed.

Communications Director, Capitol Hill (D)

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You can get a bottle of Advil at Walgreens for \$10, but in the ER, two tablets of ibuprofen are \$900. There's no reason for that. Whether it's hospitals upcharging things or insurers refusing to pay those upcharges and leaving people holding the bag, the cost of care is out of control.

Legislative Director, Capitol Hill (R)



Section 3

What Are Policymakers Expecting Next?

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Ongoing Economic Sensitivity

Looking ahead, policymakers described an outlook defined by persistence rather than change. High living costs, uncertainty around interest rate policy, and unresolved risks in the banking system were cited as continuing to shape economic and financial conditions, with few expecting dramatic shifts in the near term.

Rather than anticipating immediate deterioration, policymakers framed stability as conditional, dependent on the absence of additional stress. Commercial real estate exposure, liquidity pressures, and uneven risk management practices were identified as areas requiring continued monitoring, with conditions seen as capable of shifting quickly if broader economic pressures or external shocks intensify.

Structural and Governance Constraints

As policymakers look beyond immediate economic and financial pressures, they expect structural and governance constraints to play an increasingly central role in shaping outcomes. AI adoption was described as continuing to outpace regulation, drawing attention to coordination gaps and unresolved accountability questions. In energy, grid capacity limits, storage constraints, and permitting delays were cited as ongoing barriers. In healthcare, rising costs and persistent workforce shortages particularly across hospitals and long-term care facilities are expected to continue constraining access and system performance.

Across these issue areas, policymakers highlighted systems that remain operational but increasingly limited in their ability to absorb additional stress, reinforcing the sentiment among policymakers that maintaining stability and limiting drastic changes would be a sustainable path forward in 2026.





