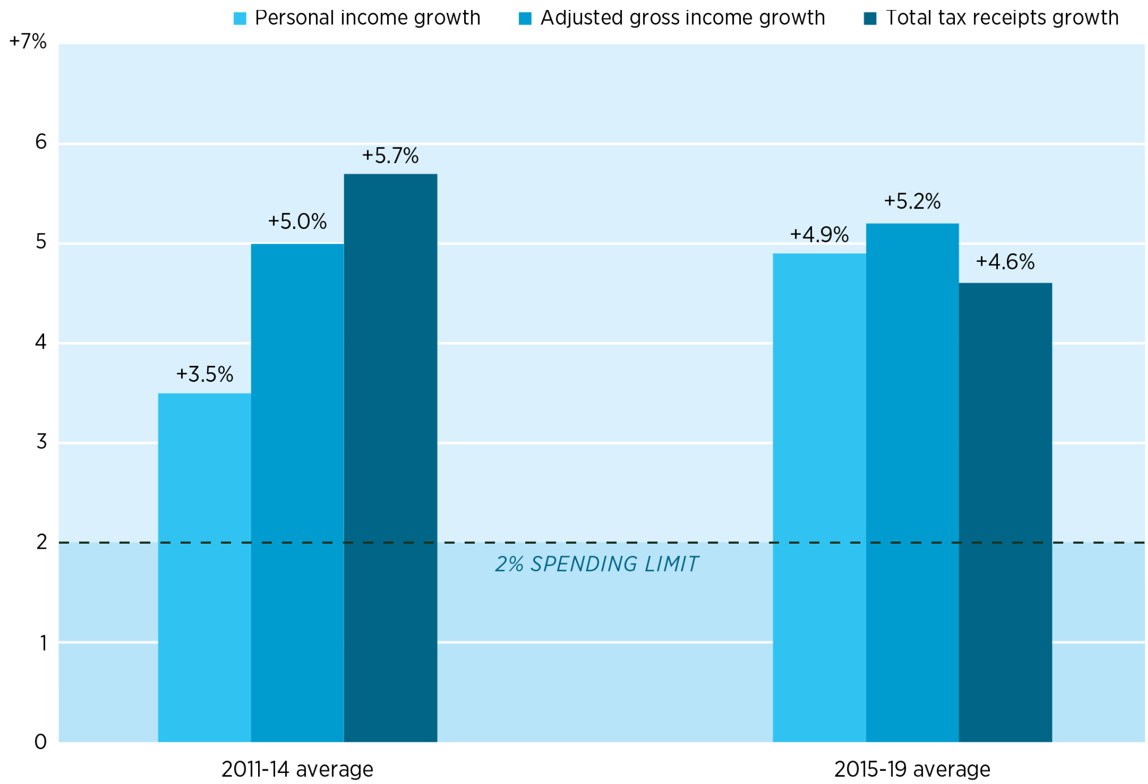
New York's Self-Imposed 2% Spending Cap = Unforced Austerity



- New York can increase funding by a modest amount for critical needs while staying within the state's cautious tax forecasts.

- State tax receipts are forecast to grow by more than 4.5%, much greater than the state's self-imposed 2% spending cap. Spending growth of 3.5% could be paid for with 4.5% tax receipt growth.

- The difference between 3.5% and 2% spending growth = $1.4 billion.

- Within the overall 2% spending limit, Medicaid and school aid have been growing about 4% annually. Those two areas are half of all operating expenses. So, that means all other areas of state spending (social services, public health, parks, the environment, etc.) have been held flat year-to-year and there have there have been steep cuts in many budget areas.

- Raising, or eliminating, the arbitrary, self-imposed 2% spending cap will allow New York to make overdue human infrastructure investments while it is trying to make up for under-investment in many areas of physical infrastructure.

FPI
Fiscal Policy Institute

www.fiscalpolicy.org

info@fiscalpolicy.org

518.786.3156