

# Why a spending cap?

1. Restrain the growth of the state budget over time
  2. Save during the good times so we have a backstop for the tough times.
- Spending Cap aka: TEL (Tax and Expenditure Limit)

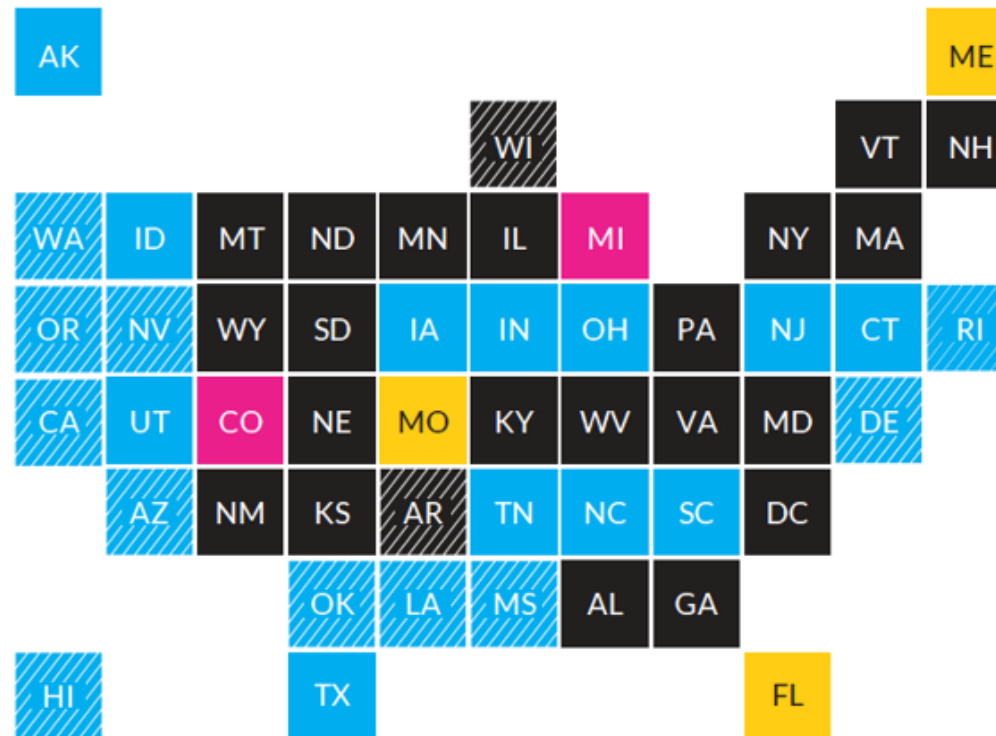
## Five Decision Points:

1. Starting Point
2. Growth rate
3. What is included under the cap
4. What is excluded outside the cap
5. What do we do with excess revenue

# What are other states doing?

## State Tax and Expenditure Limits, 2015

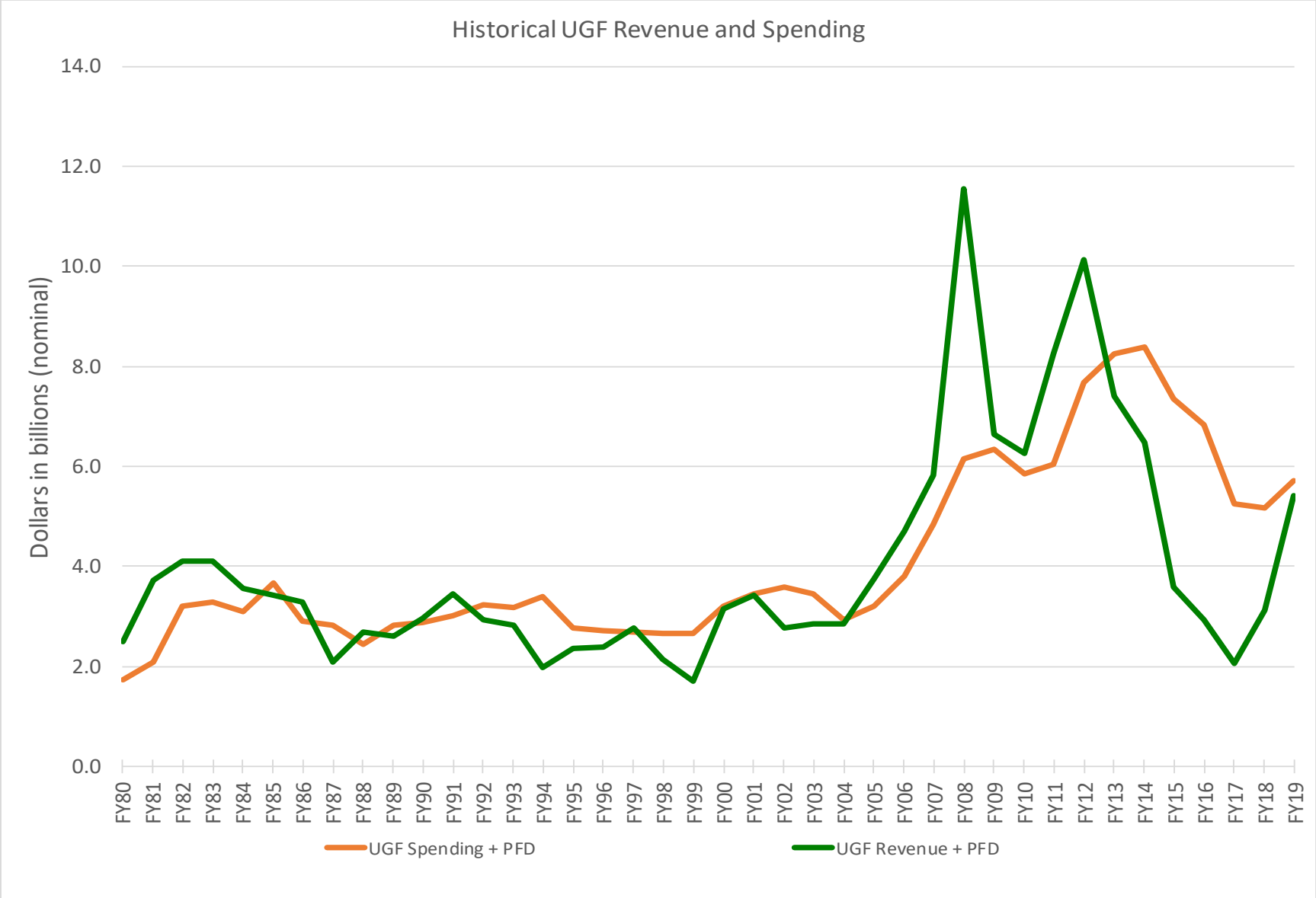
■ None ■ Appropriation limit ■ Revenue limit ■ Appropriation and revenue limit  
□ Solid fill, simple majority to raise revenues ■ Textured fill, supermajority to raise revenues

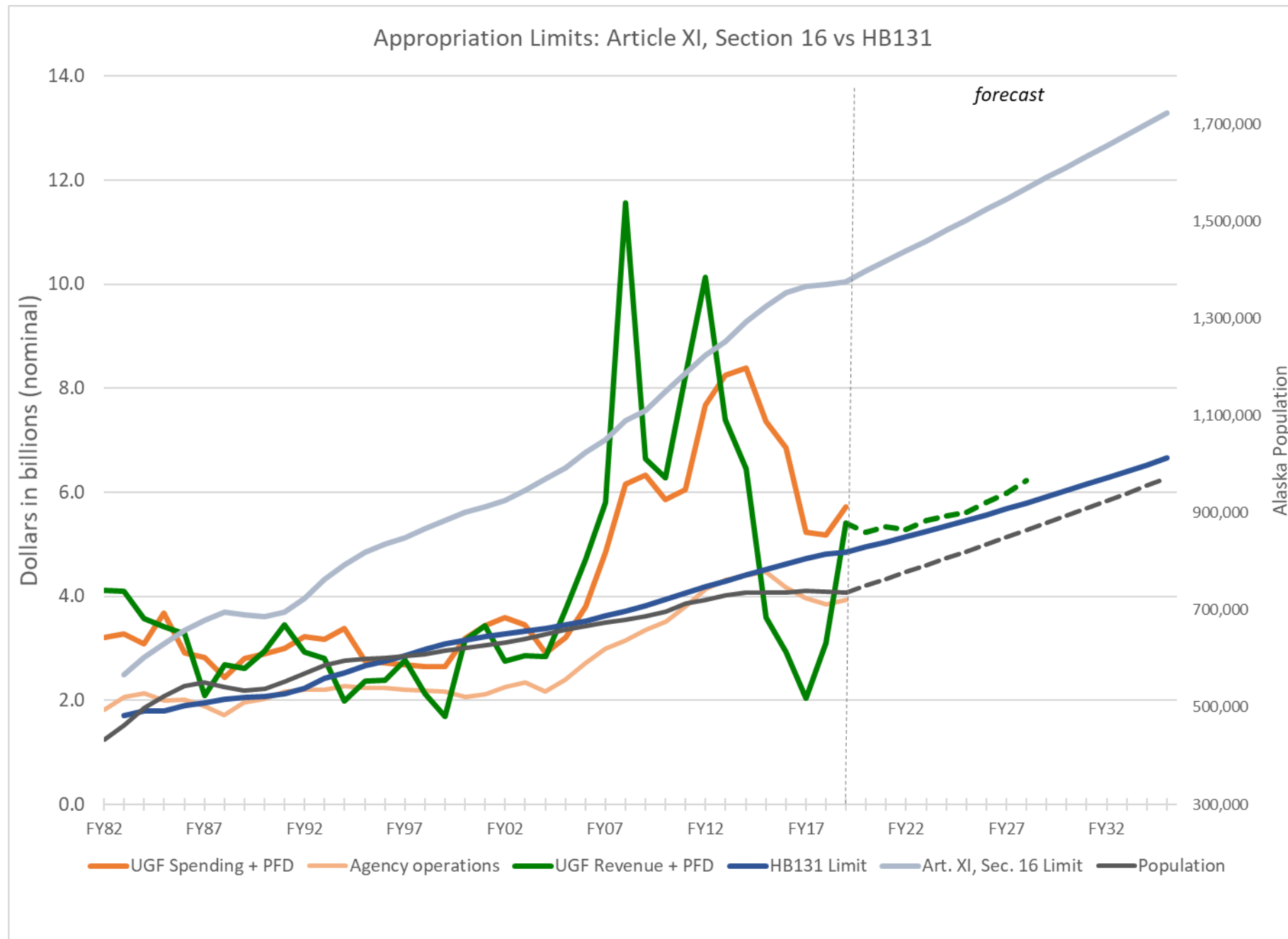


Source: National Association of State Budget Officers, *Budget Processes in the States* (Washington, DC: National Association of State Budget Officers, 2015). Data on Delaware are from Bert Waisanen, "State Tax and Expenditure Limits" (Washington, DC: National Conference of State Legislatures, 2010).

Note: This figure excludes Illinois' temporary appropriations limit, which was only in effect from 2012 to 2015.

# Looking Back:





# Starting Point = \$5.0 billion (UGF)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Unrestricted GF	\$ 1,350,600	\$ 2,337,600	\$ 2,259,100	\$ 2,303,600	\$ 2,242,000	\$ 2,197,200
POMV Permanent Fund	\$ 2,386,000	\$ 2,518,000	\$ 2,722,900	\$ 2,933,100	\$ 3,090,000	\$ 3,091,000
<b>Revenue Total</b>	<b>\$ 3,736,600</b>	<b>\$ 4,855,600</b>	<b>\$ 4,982,000</b>	<b>\$ 5,236,700</b>	<b>\$ 5,332,000</b>	<b>\$ 5,288,200</b>
<b>Less Debt</b>				\$ 201,300	\$ 197,200	\$ 173,800
<b>What we have to spend:</b>				<b>\$ 5,035,400</b>	<b>\$ 5,134,800</b>	<b>\$ 5,114,400</b>

# Expenses as a comparison:

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Agency Total	\$ 3,925,967	\$ 4,021,167	\$ 3,990,089			
Retirement	\$ 134,419	\$ 163,650	\$ 271,101			
Fund capitalization	\$ 32,000	\$ 100,910	\$ 43,709			
Capital	\$ 105,339	\$ 127,092	\$ 189,475			
PF Dividends	\$ 695,700	\$ 760,000	\$ 1,023,500			
<b>Total Spending</b>	<b>\$ 4,893,425</b>	<b>\$ 5,172,818</b>	<b>\$ 5,517,873</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Draw on CBR</b>	<b>\$ (2,792,200)</b>	<b>\$ (2,131,800)</b>	<b>\$ (692,700)</b>			

Anything with UGF included:	Excluded from cap:
•Agency spending	•Permanent Fund principal (Corpus)
•Retirement	•Debt payments
•Capital for matching	•Disaster funding
•Permanent Fund Dividend	•Deposits into savings



# Questions?