



NEW YORK STATE SENATOR

George Winner

Spending Cap Still Needed

GEORGE WINNER December 4, 2009

| ISSUE: **BUDGET**



The New York State budget at the turn of this millennium, in the 2000-2001 state fiscal year, amounted to approximately \$78 billion.

Nearly a decade later, the 2009-2010 state budget enacted by Governor David Paterson and the Democratic leadership of the state Legislature this past April, came in at nearly \$132 billion.

The overriding point, I hope, is obvious: New York State has a spending problem. That's not a novel observation. It's not anything that a lot of analysts and government critics haven't said before -- many times before, in fact. And, believe me, there's plenty of credit to go around for

who's been responsible.

But answering the question of who's responsible doesn't truly matter anymore. What matters, above all, like it's never mattered before, is answering this question: What are we going to do about it? What actions are Albany's leaders taking to finally gain control of state spending? The answer, at the moment, is that very few, long-term actions are being taken. Indeed, the leaders increased state spending again in this year's budget, by billions of dollars. Measured on a per-capita basis, we know that New York state spending ranks among the highest in the nation. One well-known fiscal watchdog, the Empire Center for New York State Policy, tracks state spending through what it calls a "Spend-O-Meter," which currently estimates that New York State is spending \$4,179 per second, more than \$15 million per hour, and more than \$10 BILLION per month.

In these tough economic times, it can only be characterized as spending insanity, and it has to stop. Since New York government has demonstrated no ability whatsoever to stop on its own, it seems like only common sense to many of us to take an action that forces it to stop. I'm talking about proposals that have been advanced throughout the past year to permanently place a cap on state spending – a move that I've called for and co-sponsored since 2008, when the Republican-controlled state Senate approved a constitutionally mandated cap along with additional, comprehensive state spending reforms. The spending cap we enacted in March 2008 would have limited year-to-year state spending increases to 120 percent of the consumer price index (CPI) or 4 percent, whichever is less. In any given year, 50 percent of state tax revenues exceeding the cap would be placed in a reserve fund, with the other half being returned to taxpayers in the form of direct rebates.

If a similar cap had been in place over the past five years, state taxpayers would have saved \$13.1 billion.

Governor Paterson is now behind a spending cap and had placed it on the agenda for one of his recently convened "extraordinary sessions" of the Legislature. His fellow Democratic leaders, however, took no action. These same leaders then negotiated the details of the

recently approved short-term strategy to close the state's current budget deficit, but didn't include a spending cap.

It seems pretty clear that the first step to fundamentally changing the way New York government does business is to limit its ability to spend money. It's time for a spending cap. The overriding challenge is how to achieve less and smarter government spending. A spending cap is the surest way to force the change that's necessary to meet that challenge.