

The salary cap begins with a problem that professional sports created by becoming enormously successful. Once teams started earning serious money from television contracts, ticket sales, sponsorships, merchandise, streaming rights, licensing, gambling partnerships, luxury suites, and other sources, the question was no longer simply how much a great athlete deserved to make. The leagues also had to decide how much of the industry's money should flow to players, how much should remain with ownership, and whether wealthy franchises should be able to purchase significantly more talent than everyone else. The salary cap developed as one answer. At its simplest, a salary cap is a league-created limit connected to how much money a team may commit to player compensation. But that definition barely opens the door. Different leagues calculate the limit differently, some allow teams to exceed it, others make exceeding it extremely difficult, some punish excessive spending with taxes, some require minimum spending as well as maximum spending, and Major League Baseball has historically operated without a traditional salary cap at all. Once contracts, bonuses, trades, injured players, released players, guaranteed money, revenue sharing, free agency, luxury taxes, exceptions, and collective bargaining enter the picture, the salary cap becomes one of the most important strategic systems in professional sports.

The first thing to understand is that the salary cap is generally negotiated rather than simply handed down by the league. Professional players are represented by unions, and the league and union negotiate a Collective Bargaining Agreement, commonly called a CBA. "Collective bargaining" means employees negotiate employment rules together through their union instead of every player negotiating the entire structure individually. A player still negotiates his own contract, but the boundaries surrounding that contract—minimum salaries, free agency rules, salary-cap calculations, benefits, pensions, drug policies, grievance procedures, revenue sharing, contract guarantees, and countless other matters—come largely from the CBA. This is why labor negotiations occasionally produce strikes or lockouts. A strike occurs when workers withhold their labor; a lockout occurs when ownership prevents employees from working. Professional sports may look like entertainment from the outside, but underneath the games is a sophisticated labor relationship between extraordinarily valuable workers and extraordinarily wealthy businesses.

The cap also cannot be understood without revenue. Imagine a league collectively generating billions of dollars. Owners naturally want predictable labor expenses because players are one of their largest costs. Players naturally want compensation to rise when league revenue rises because they are producing much of the product that creates that revenue. A modern salary-cap system therefore often links player compensation to a negotiated share of particular league revenues. The exact definition of qualifying revenue differs by sport, which becomes enormously important. If a league earns another billion dollars but that money is excluded from the calculation used to determine player compensation, players do not benefit from it in the same manner. Negotiations over the definition of revenue can therefore become just as important as negotiations over a specific cap number.

Think of the salary cap as the size of the financial container into which a team must fit its roster. The important word is *financial*, because the cap does not simply count bodies. Every player contract creates some form of accounting charge against that container, usually called a cap hit, cap charge, or salary amount for cap purposes. Here is where beginners often become confused: the amount of cash a player receives during a particular year and the amount charged against the team's cap during that year can be different. A player might receive a large signing bonus immediately, while accounting rules spread the cap effect of that bonus across several seasons. The owner may have already written the check, yet portions of that payment can continue appearing against future salary caps. Once this distinction becomes clear, much of professional contract strategy suddenly begins making sense.

Suppose a football player signs a five-year contract and receives a \$25 million signing bonus. If the league's accounting rules allow that bonus to be prorated over the five contract years, the bonus produces a \$5 million cap charge in each year before considering the player's other salary. "Proration" simply means dividing an amount across multiple accounting periods rather than charging the entire amount immediately. If the player also receives a \$3 million base salary in the first season, his simplified cap charge might be \$8 million even though he may already have physically received much more cash because the signing bonus was paid earlier. This is one reason contract headlines can mislead people. "Five years, \$150 million" does not automatically tell us how much is guaranteed, when the cash is paid, how the cap charges are distributed, or how easily the team can escape the contract.

Guaranteed money is another concept that must be separated from total contract value. A reported five-year, \$150 million contract does not necessarily mean the player will receive \$150 million. Some leagues and contracts provide stronger guarantees than others. Guaranteed money is compensation the player remains entitled to receive under specified conditions even if the team later decides it no longer wants him.

Non-guaranteed future salary can disappear when the player is released. The precise guarantee language matters enormously: money can be guaranteed for skill, injury, salary-cap reasons, or combinations of those protections depending upon the sport and contract. This explains why experienced agents care far more about contract structure than the dramatic number appearing in a television headline. One contract advertised as \$100 million could be materially better than another advertised as \$120 million if the first contains substantially more secure money.

Now we can understand "dead money," one of the most important phrases in football salary-cap conversations. Dead money is a cap charge attached to a player who is no longer providing services to the team. Imagine that a team gives a player a large signing bonus and spreads that bonus over future cap years. Two years later, the team releases him. The remaining unaccounted-for bonus money does not magically disappear. Depending upon the timing and rules surrounding the transaction, much of it can accelerate into the team's cap calculation. The player may be playing elsewhere—or may

not be playing at all—while his previous team continues suffering financially from the contract. Dead money is essentially yesterday's decision sending a bill into tomorrow.

This is why a general manager cannot simply think about assembling the best possible roster today. The front office must operate in several timelines at once. A contract might help create cap room this season while making the situation significantly worse two years from now. Teams frequently “restructure” contracts, meaning they change the accounting form of compensation without necessarily reducing the player's total immediate earnings. In the NFL, for example, a team may convert a portion of salary into a signing bonus and spread the resulting cap charge over future years. That creates room now. Fans hear that a team “created \$20 million in cap space” and imagine somebody discovered free money. Nothing magical happened. Much of the obligation was pushed forward. It resembles moving debt from this month's statement into future statements. That can be intelligent when done deliberately. It becomes dangerous when a franchise continually borrows from future cap years because it cannot accept rebuilding or difficult roster decisions.

The difference between a hard cap and a soft cap then becomes essential. A hard cap generally establishes a ceiling teams cannot exceed except under narrowly defined circumstances. The NFL operates much closer to this model. When the league year begins, teams must bring their relevant contracts within the allowable cap structure. The 2026 NFL salary cap is \$301.2 million per club, but that number should not be understood as simply “each team has \$301.2 million in cash to spend.” Contract accounting, cap carryover, incentives, prorated bonuses, minimum salary rules, injured players, practice squads, and other mechanisms affect the actual calculation. The important principle is that an NFL team cannot simply decide it wants a \$400 million cap payroll, write an extra tax check, and continue operating normally. There is a real ceiling that forces roster decisions. ([NFL Football Operations](#))

The NBA works differently because its salary cap is famously *soft*. A soft cap establishes a normal spending limit while providing negotiated exceptions allowing teams to exceed it under particular circumstances. The NBA's 2026–27 salary cap is \$164.961 million, yet several teams can and will operate above that figure because the rules specifically allow it. The league also has a luxury-tax line at \$200.428 million, a first apron at \$209.015 million, and a second apron at \$221.686 million for that season. Those higher lines progressively change the consequences of spending. This is one of the biggest mistakes beginners make with basketball: seeing the official cap and wondering why a team's payroll is substantially higher. The answer is that the NBA cap is designed to allow certain kinds of overspending while attaching restrictions and financial penalties to that spending. ([NBA](#))

The word *exception* is therefore central to NBA economics. An exception allows a team to sign or retain a player despite lacking ordinary cap room, provided it satisfies the specific conditions attached to that exception. The most famous example is generally called Bird rights, named after Larry Bird even though the modern rules have evolved

considerably since the original provision. In broad terms, Bird rights allow teams to exceed the normal salary cap to retain qualifying players who have been with them long enough under the applicable rules. The philosophy is important. Without something resembling Bird rights, a successful team approaching the cap might be forced to lose its own star simply because that player's contract expired. The exception makes continuity possible while also encouraging players and teams to establish longer relationships.

Now imagine a superstar has been with a franchise for years and becomes a free agent. The team is already above the normal cap. If there were no exception, the franchise might be unable to re-sign him even though it was his existing team. Bird rights can provide the mechanism for doing so. That sounds like an enormous advantage—and it is—but the modern NBA has increasingly attached consequences to extreme payrolls. The luxury tax charges teams money for spending above the tax threshold, with rates becoming more severe depending upon how far above the line a team operates and other factors. The aprons go farther. Once a team crosses certain apron levels, the consequence is not merely “pay more money.” The front office begins losing access to roster-building tools. Certain trades become harder, particular exceptions disappear, salary aggregation can be restricted, and the second apron especially can box a team into an increasingly narrow range of options. That changes the strategy from “Can the owner afford the tax?” to “Can the basketball department survive the restrictions?”

This difference reveals something important about sports economics. A luxury tax and a salary cap are not the same thing. A cap says, in some form, “You cannot spend past this boundary except through permitted mechanisms.” A luxury tax says, “You may cross this particular spending line, but crossing it becomes expensive.” Wealthy owners may willingly pay a large tax bill if they believe the roster can win a championship. That is why leagues sometimes add nonfinancial penalties: losing flexibility can discourage overspending more effectively than sending a billionaire another bill. A wealthy owner might regard a \$20 million tax payment as an acceptable cost of competing. Losing the ability to make an important trade can hurt far more.

Major League Baseball provides the clearest comparison because MLB, as of the current 2026 collective-bargaining structure, does not have a traditional hard salary cap. Instead, it has the Competitive Balance Tax, usually called the CBT and commonly called the luxury tax. For 2026 the base CBT threshold is \$244 million, with additional surcharge thresholds above it. Clubs can continue spending beyond those numbers, but progressively higher tax rates and certain other consequences apply depending upon spending level and repeat-offender status. That allows enormous payroll differences to exist between franchises in ways that the NFL's hard-cap structure would not permit. MLB and the players' union are currently negotiating the system that will follow the existing CBA, which expires in December 2026, and salary-cap and salary-floor proposals have become a major subject of those negotiations. That debate is unresolved, so it would be wrong to describe a proposed MLB cap as though it already exists. ([MLB.com](https://www.mlb.com))

Baseball's situation exposes the central disagreement surrounding salary caps. Owners and league officials can argue that enormous payroll disparities damage competitive balance because a franchise with vastly greater financial resources can pursue more expensive players while a smaller-market club has much less room for error. Players can respond that a salary cap places an artificial ceiling on what teams are permitted to pay labor even when the industry can afford more. Both arguments contain genuine economic interests. When owners describe competitive balance, they are discussing competition among teams, but they are also negotiating limits on player compensation. When players resist a cap, they are defending earning power, particularly for free agents, but a completely open market can also create enormous inequalities between franchises. Salary-cap negotiations therefore should not be understood as heroic owners protecting fans against greedy athletes or heroic players battling greedy owners. These are sophisticated parties negotiating how billions of dollars will be distributed.

A salary floor is the other side of this system and receives less attention than it deserves. A floor requires teams to spend at least a certain amount on players. Without a floor, an owner could potentially benefit from league-wide revenue while fielding an extremely inexpensive roster. Fans might reasonably ask why players should accept restrictions on maximum team spending unless owners also accept requirements concerning minimum spending. The floor therefore addresses an important problem: competitive balance can be damaged by spending too little just as it can potentially be affected by spending dramatically more than everyone else. The NHL, for example, operates with both an upper and lower payroll limit. For 2026–27 its announced team payroll range runs from a \$76.9 million lower limit to a \$104 million upper limit. A team therefore cannot simply slash its roster spending to \$35 million while remaining within the normal system. ([NHL](#))

The NHL provides another useful lesson because its cap is generally much harder than the NBA model. Teams have an upper payroll limit and must manage their roster within it, although mechanisms involving injuries and long-term injured reserve can complicate the calculation. Long-Term Injured Reserve, commonly shortened to LTIR, is one of the most misunderstood subjects in hockey. People often describe it as though an injured player's salary simply disappears from the cap. It does not work that simply. LTIR creates a mechanism that can provide additional spending flexibility when qualifying players are unavailable because of long-term injuries. The exact calculation is technical, and teams sometimes arrange rosters carefully around it. The underlying idea is that losing an expensive player to a serious injury should not necessarily leave a club unable to replace part of the lost roster value while still honoring the injured player's contract.

Then there is escrow, especially important when learning hockey economics. Escrow means a portion of player compensation can temporarily be withheld so that the final division of hockey-related revenue between owners and players matches the percentage negotiated in the CBA. Imagine the league estimates revenue when setting salary levels but actual revenue later turns out lower than expected. Without an adjustment system, total salaries might exceed the players' negotiated share. Escrow provides a reconciliation mechanism. The word can sound like somebody is simply taking players'

money, but technically it functions as part of the accounting process required to bring actual compensation into alignment with the agreed revenue split.

The WNBA provides another valuable example because salary-cap discussions cannot be separated from the economic size and growth of a league. Under the new 2026 CBA, the WNBA salary cap rose to \$7 million, compared with approximately \$1.5 million in 2025, alongside a new revenue-sharing system and major increases in individual compensation. Looking at the NBA's roughly \$165 million cap and the WNBA's \$7 million cap and simply concluding that one league "values" athletes a certain number of times more than the other would be economically incomplete. Salary structures are connected to league revenue, negotiated revenue-sharing arrangements, roster structures, benefits, media economics, historical investment, and bargaining agreements. What matters is not merely the raw cap number but the financial system underneath it and how much of the league's growing economic value ultimately reaches the players producing the product. (WNBA)

Another concept that often confuses fans is the maximum individual salary. A team salary cap and a player maximum salary are separate rules. The NBA can restrict how much of the team's cap one player may receive, generally through maximum salary formulas connected to experience and other qualifications. This matters enormously because a true superstar can sometimes be worth more economically and competitively than the maximum contract permits the team to pay him. If two players both receive maximum contracts but one is an ordinary All-Star while another is a generational superstar, the second player can create enormous surplus value. "Surplus value" means the value received exceeds the price being paid. A basketball player who contributes like a \$90 million annual player but is legally limited to something far below that amount becomes incredibly valuable under a capped system because the club can use the remaining resources elsewhere.

That same idea helps explain why rookie contracts are so important in the NFL. Drafted players generally enter under a rookie compensation structure rather than immediately negotiating completely unrestricted market salaries. A great young quarterback on a rookie contract can provide enormous surplus value because elite veteran quarterbacks occupy far more cap space. The franchise receives high-level performance while devoting a smaller percentage of its salary cap to the game's most expensive position. This is why football analysts constantly speak about a "rookie quarterback window." The phrase means the years during which a talented quarterback remains relatively inexpensive, giving the front office more cap resources to spend on offensive linemen, receivers, pass rushers, defensive backs, and other positions. Once the quarterback signs a massive second contract, the financial architecture changes.

That does not mean paying a superstar quarterback is necessarily a mistake. The relevant question is opportunity cost. Opportunity cost is what must be given up when one resource is used in a particular way. Every capped dollar given to one player is a dollar that cannot be used somewhere else, subject to the league's accounting rules. If a

quarterback consumes a huge portion of the cap, the team may be unable to retain a star receiver. Keeping the receiver might mean losing an elite pass rusher. Keeping both could require younger, cheaper players in the secondary. Every roster becomes a chain of trade-offs. This is why great front offices are not merely identifying good players. They are identifying *value at price*. A good player on a terrible contract can hurt a team. A merely solid player on a very inexpensive contract can be extremely useful.

Imagine two linebackers. One is rated 95 out of 100 as a player and costs \$30 million against the cap. Another is rated 85 but costs \$8 million. The first player is clearly better. The second player may nevertheless be the better roster-building asset because the \$22 million difference can help acquire or retain additional talent. Professional roster construction therefore cannot be reduced to asking, “Who is better?” The more sophisticated question is, “How much better is he, what does the difference cost, and what else could we build with the resources saved?” That is salary-cap thinking.

Trades become fascinating once this is understood because professional trades are not always talent-for-talent exchanges. They can be financial transactions disguised as athletic transactions. A team may trade a good player because his future contract no longer fits its cap structure. Another may acquire an expensive player because it has unused cap room and believes his performance justifies the cost. Draft picks become financially valuable because young players often arrive on controlled contracts. Expiring contracts can have value because the financial obligation ends soon. Even an unwanted player can sometimes be included in a transaction because another team has enough room to absorb his salary in exchange for receiving draft capital or another asset.

This is why saying a team “has \$40 million in cap space” still does not tell us whether it is financially healthy. Perhaps several star players require extensions next year. Perhaps the franchise has already borrowed heavily from future seasons through restructures. Perhaps an expensive veteran can be released with little dead money, giving the team enormous flexibility. Perhaps another veteran looks easy to cut until somebody notices that doing so creates a massive accelerated cap charge. Cap space must always be studied across several seasons. Great front offices maintain what is often called flexibility—the ability to change direction without being trapped by previous commitments.

Contract incentives add another layer. A player may receive additional compensation for reaching certain milestones, such as playing time, statistical production, team achievements, awards, or workout participation. The league must decide how those incentives count against the cap. In the NFL, incentives are generally categorized according to whether they were “likely to be earned” based on previous performance standards, with later adjustments depending upon what actually happens. This keeps teams from simply hiding millions of dollars outside the salary cap by pretending guaranteed-looking compensation is merely hypothetical.

Options are another tool. A team option gives the club the right under the contract to determine whether another season becomes active. A player option gives that decision to the player. A mutual option requires both sides to agree. Basketball contracts frequently involve player or team options near the end of deals, and they can radically change free agency. A player whose market value has increased may decline a player option and become a free agent seeking a larger deal. Another whose value has fallen may exercise the option because the guaranteed salary exceeds what the open market is likely to provide. These contractual details are not minor paperwork. They determine leverage.

Leverage is really what much of sports economics comes down to. A free agent with several teams possessing cap room has leverage because those clubs can bid against one another. A star under contract has less immediate freedom because his existing team controls his playing rights, although trade demands can change the practical relationship. A team facing a hard cap deadline can lose leverage because competitors know it must make transactions. An athlete approaching free agency may gain leverage because the team risks losing him for nothing. Salary-cap knowledge therefore allows someone to see that negotiations are not just about talent. They are about timing, alternatives, contract control, cap space, market demand, and who can afford to say no.

That brings us to free agency itself. An unrestricted free agent can generally negotiate with any eligible team once the applicable period begins. A restricted free agent can negotiate under a system where the original team retains certain matching or compensation rights. The details differ by league. The NFL also has the franchise tag, a mechanism allowing a team to retain control over one qualifying would-be free agent for another season at a formula-based salary. Fans sometimes speak as though a franchise tag means the player has “signed a one-year contract,” but technically several steps exist between designation, tender, negotiation, and signing. The larger idea is that labor freedom in professional sports exists within negotiated restrictions. Players do not always become completely free to choose their employer the moment an ordinary employment contract expires.

The salary cap can also explain why championship teams sometimes seem to fall apart immediately after winning. Success makes players more expensive. A backup who performs brilliantly during a playoff run may become a free agent and receive a large offer elsewhere. A young star may become eligible for an extension. Coaches and executives may receive opportunities with other organizations. Veteran players may demand market-rate contracts. The championship itself therefore changes the market value of the people who created it. Under a cap, the team often cannot keep everybody. Fans experience this emotionally—“Why did we let him leave?”—while the front office may be looking at a spreadsheet showing that retaining him means losing two other important players next year.

Dynasties become especially impressive when viewed through this system. Winning once can result from assembling an extraordinary roster during a favorable financial

window. Winning repeatedly requires constant renewal. Draft well. Develop inexpensive players. Decide which veterans deserve extensions. Let popular players leave when the price becomes dangerous. Find undervalued free agents. Avoid catastrophic contracts. Restructure carefully. Manage injuries. Know when to trade draft picks for present talent and when to preserve them for future players. The best organizations are continuously performing economic surgery on the roster while attempting to win championships at the same time.

Salary caps were created partly in the name of competitive balance, but competitive balance does not mean making every team equally good. It means trying to prevent financial resources alone from determining who has a realistic chance to compete. A perfectly equal league would actually defeat the purpose of competition because scouting, coaching, development, drafting, strategy, ownership, and player performance are supposed to matter. The desired concept is closer to equality of economic opportunity among franchises, not equality of outcomes. A poorly managed organization should still be capable of failing. The cap simply tries to stop “our owner has much more money” from becoming the overwhelmingly decisive advantage.

Even here, however, the cap is not a perfect equalizer. Geography matters. Tax laws can matter to free agents. Climate matters. Organizational reputation matters. Coaching matters. Some cities are more attractive to particular athletes. Some owners are willing to spend enormous amounts on facilities, analytics, coaching staffs, medical departments, and other operations that may fall outside player salary-cap calculations. Teams can therefore compete financially in areas that are not necessarily limited by the player cap. A salary cap can narrow one form of inequality while leaving many others untouched.

Revenue sharing attempts to address another part of the problem. Revenue sharing generally means that teams share portions of certain revenues rather than each franchise keeping everything it generates individually. The logic is straightforward. A league requires opponents. The Dallas Cowboys cannot play the Dallas Cowboys seventeen times. The New York Yankees need other baseball teams. The Los Angeles Lakers need an entire league. A smaller-market franchise contributes to the product even if it cannot independently generate the same local revenue as a giant-market franchise. Sharing portions of league revenue can help maintain viable competitors across different markets.

Do not confuse revenue sharing among teams with revenue sharing between owners and players. Those are different layers. Owners can share money among franchises, while the CBA separately determines how the overall economic pie is divided between labor and ownership. A league might redistribute television money among clubs while still negotiating aggressively with players over what percentage of qualifying revenue becomes compensation. Whenever someone says simply “revenue sharing,” the intelligent next thought is: sharing between whom?

There is also a philosophical question underneath the entire system. Salary caps are unusual when compared with ordinary employment. If a technology company desperately wants a brilliant engineer and can afford to pay \$100 million, there is usually no industry-wide rule saying that doing so causes the company to lose hiring privileges because its engineering payroll exceeded a collective threshold. Professional sports operate differently because leagues require coordinated competition among separately owned franchises. Teams cooperate to create the product while simultaneously competing to win. Economists sometimes describe this as a peculiar joint venture. The Patriots cannot produce an NFL game alone. The Lakers cannot manufacture an NBA season alone. Competitors need one another in order for the product to exist.

That unique structure also explains why antitrust law and labor law hover behind salary-cap negotiations. Ordinarily, competing businesses agreeing among themselves to limit employee wages could raise serious legal problems. Professional sports receive important protection when compensation restrictions are negotiated collectively with a legitimate players' union through the labor process. This is another reason the CBA matters so much. The salary cap is not merely a commissioner sitting in an office deciding that athletes earn too much. It is embedded within a collectively bargained labor system containing benefits and restrictions demanded or accepted by both sides as part of a much larger agreement.

Players therefore receive things in exchange for accepting restrictions. Those can include minimum salaries, pension benefits, health benefits, revenue guarantees, free agency rights, contract protections, injury protections, grievance procedures, retirement programs, and rules preventing teams from behaving however they wish. Owners receive cost controls, predictable economic systems, limitations on certain forms of bidding competition, and mechanisms designed to maintain league stability. Neither side receives everything it would choose in a completely unrestricted world. That is the nature of bargaining.

Once this foundation is understood, sports news begins sounding completely different. "The team released him" no longer automatically means the organization thinks he cannot play. The club may believe the player remains good but not good enough at his current cap number. "They restructured his contract" no longer sounds like they negotiated a pay cut; often they merely changed when compensation hits the cap. "The team is over the NBA salary cap" no longer means somebody violated a rule. "The baseball team exceeded the luxury-tax threshold" does not mean MLB has a hard salary cap. "The quarterback signed for \$250 million" immediately leads to better questions: how much is guaranteed, what are the yearly cash flows, what are the cap charges, what happens if he is released, and how much flexibility remains around him?

Eventually the salary cap reveals something larger about winning. Professional sports are competitions in resource allocation as much as physical performance. The athletes compete on the field or court, while the front office competes through contracts, scouting, mathematics, forecasting, negotiation, and judgment. Every dollar assigned to

one player creates another decision somewhere else. Every contract year reaches into another season. Every restructure trades some degree of future flexibility for present relief. Every draft pick carries both athletic potential and financial value. Every superstar forces an organization to decide how much of itself should be built around one person.

The strongest general managers therefore understand a principle that applies far beyond sports: price and value are not the same thing. The objective is not necessarily to acquire the cheapest players, nor simply to acquire the best players. It is to assemble the greatest amount of useful performance within the economic rules governing the organization. Sometimes that requires paying a generational superstar an enormous contract because replacing him would be nearly impossible. Sometimes it requires letting a beloved veteran walk because yesterday's performance does not justify tomorrow's price. Sometimes it means paying someone early before the market rises. Sometimes it means carrying painful dead money for a year so the franchise can clean its financial books instead of repeatedly postponing the problem.

That is the salary cap at its real level. It is not a single number flashing across ESPN. It is the financial architecture beneath a professional roster. It connects player value, owner wealth, union power, television revenue, competitive balance, contract law, accounting, economics, scouting, probability, and human judgment. The game eventually gets played by athletes, but long before the ball is thrown, kicked, hit, or bounced, another competition has already begun. Front offices are deciding which greatness they can afford, which mistakes they can survive, which bills should be paid now, which can be pushed into the future, and how much tomorrow they are willing to spend trying to win today.