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Governor Chris Christie's Fiscal Year 2014 Budget Address As Prepared for Delivery

Tuesday, February 26, 2013 Tags: [Budget and Spending](#)



**Trenton, New Jersey
February 26, 2013**

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Lt. Governor Guadagno, Madam Speaker, Mr. President, members of the Legislature, fellow New Jerseyans:

I am pleased to present to you my budget for Fiscal Year 2014.

The budget continues a journey you began with me three years ago – to get New Jersey's house in order; to turn Trenton upside down; to make hard but better choices so that we could put our state back on a path to growth.

For the fourth year in a row, the budget maintains the fiscal discipline we need to restore New Jersey. Fiscal sanity has indeed returned to Trenton.

For the fourth year in a row, this budget is balanced and imposes no tax increases on the people of New Jersey. I want every New Jersey citizen to remember just how different things were before we arrived. 115 tax and fee increases in eight years. Skyrocketing spending. \$13 billion in deficits left on our doorstep by the irresponsibility of the past.

We must never take for granted what we have already achieved. Reduced spending. New jobs. Balanced budgets four years in a row. And lower taxes. It is truly a new day for New Jersey.

For the fourth year in a row, the budget funds the key initiatives necessary to rebuild our state and restore our prospects for future growth and greatness.

It provides a record amount of funding for our schools.

It once again fully funds the pension contribution we agreed to in the landmark pension reform we enacted together in 2011. In fact, no previous governor has contributed what we have contributed to our pension fund.

This budget also triples our job creating business tax cuts and incentives for growth that we put in place two years ago.

It also provides for those most in need: our lowest-income families, those with chronic illnesses, and people with developmental disabilities.

In total, the budget I am submitting to you today provides \$32.9 billion in state spending. While we are meeting the needs of our people in this budget, we are doing it by spending less than the state spent in Fiscal Year 2008. Let me repeat that for you. Six years later, a budget that still spends less. Where else is this happening in America? This is what happens when you have a government that tells people the truth, that makes the hard choices and actually manages our government.

When we looked around four years ago, we saw New Jersey in dire straits. Remember?

Jobs and families were leaving the state. Property taxes had increased 70% in the previous ten years. The state had increased taxes and fees 115 times in the prior eight years. The budget was in deficit even though the state had increased its debt nearly tenfold in the prior two decades.

We knew what we had to do. The results of the old path of higher taxes and higher spending were all around us -- and they were disastrous. As the late, great General Norman Schwarzkopf once said, "The truth of the matter is that you always know the right thing to do. The hard part is doing it."

Those who were supposed to be responsible for controlling taxes and spending before we came to office fundamentally deceived the people of our state. They said yes to everything -- yes to higher taxes. Yes to more spending. We must not return to that era of recklessness and deceit.

Starting three years ago, the people of New Jersey rolled up their sleeves and we did it, we did it together.

We knew we needed to get state government spending under control. Together, we recovered from an era of taxes and deficits; restored balance to our finances; and rebuilt those things that will contribute to economic health in the future.

First, we immediately impounded \$2.1 billion in reckless spending by the previous administration and its legislative budget leaders and balanced the Fiscal Year 2010 Budget with no new taxes.

We then quickly proposed a Fiscal Year 2011 Budget that had real cuts in every single department of state government and balanced an \$11 billion budget deficit. Once again, we did it without raising taxes on the people of New Jersey. We also laid the groundwork for better choices ahead. We were able to put forward budgets in Fiscal Year 2012 and 2013 that held the line on spending but provided needed amounts for priorities like our children's schools and reformed pensions.

Now, the results are clear. New Jersey has turned around, and is growing again.

What hasn't grown is government. In fact, government has shrunk. Today there are 5,200 fewer state government employees than when we took office. In fact, there are over 20,000 fewer government employees across all levels of government. We promised smaller government to our people and we delivered.

The private sector and the private economy are a much different story. They have grown. Since January 2010, New Jersey has added 103,000 new private sector jobs. The last two years -- 2011 and 2012 -- have been the best two years of private sector job growth since 1999. We have defeated New Jersey's jobless decade through fiscal responsibility and pro-growth tax policies.

This budget will help continue that growth. The budget provides additional tax relief for the engine of our economy -- small business. This marks the third year of implementing the bipartisan, job-creating tax reforms we enacted together and keeps us on the path to provide more than \$2 billion in tax relief to business in New Jersey.

And this budget is balanced without gimmicks. In the past, too often the deficit was declared closed one year only to reappear the next when the band-aids were peeled off. No more. The state's reliance on one-time revenues has been dramatically reduced -- they made up 13% of the budget under the budget leaders four years ago. Today, it is only 3% of the budget that I put before you. We have done the hard work to put us on the path to responsible and priority-focused budgets. No gimmicks this year means less trouble and better choices next year, and in our future.

Mark Twain once joked, "Always do right. It will gratify some and astonish the rest."

By doing right, by taking on the hard choices together, we have made our choices better today.

Just three years ago, our pension system was in ruins. Governors and the budget leaders in the legislature had been making little or no contributions. The system was not sustainable. Our police officers, our firefighters and our teachers were right to ask if their pensions would even be there when they retired.

Together, on a bipartisan basis, we enacted needed and historic pension and health benefit reforms. By making modest, but important and sensible changes to retirement age and incentives, to COLAs, to contributions from government employees, we saved the taxpayers \$120 billion and put the pension system on much more sound footing. And we have continued to invest wisely in a diversified fashion, outperforming most other states and large endowments.

Today, our pension system is on a path to restored health. So I can say with confidence and some pride to you today that this budget contains a record pension payment by the state: \$1.676 billion for Fiscal Year 2014, the largest pension contribution ever made by New Jersey. This will fund the third year of the landmark, bipartisan pension reform we enacted two years ago, and on the terms we agreed to.

And one message to those naysayers and perpetual cynics who refused to fund the pension on their own watch and opposed our reforms to protect the monied special interests: our citizens are fortunate that your type of politics is dying in Trenton. Our pension system is alive as a result.

It is a key step in showing what can be done if we come together to face up to our long-term liabilities, and address them head on in a spirit of principled cooperation.

We did this on property taxes too, enacting not only the 2% Property Tax Cap but the interest arbitration reform to make the cap work.

And again, the results are evident. In 2011, after a decade of 7% annual increases, New Jersey homeowners saw the lowest increase in two decades, down to 2.4%. And last year, we did even better: statewide, property taxes increased by only 1.4%, the lowest in twenty-four years.

This didn't just happen by accident. It happened because we took action. We enacted the cap. We enacted pension reform. We capped excessive school superintendent salaries. And we continued, even in challenging times, to fund the senior freeze – which we will again do in this budget.

It seems to me our leaders in Washington, DC could learn from our example here. Their failure to take on the nation's budget challenges and address the unsustainability of the nation's long-term liabilities is nothing short of inexcusable.

It's past time for Washington to get its act together. That will take two things: Bipartisanship. And leadership. Unfortunately, both are missing today.

Here at home, there is still much to be done to improve our fiscal health even more. This year, I ask you to take action on my proposal to prevent towns and counties from imposing user fees to blow through the 2% Property Tax Cap. Why not close this loophole? What are you waiting for? It is also time to finish the job with the property tax tool kit that will help municipal governments keep property taxes down in the long run.

So far, you have taken action on only six of the 20 bills which embody the toolkit. And the public is still waiting for action on legislation to remove barriers that prevent municipalities from sharing services, and to once and for all, end the practice of six figure checks for government employee sick days. The accumulated municipal government liability for sick and vacation leave in New Jersey is almost one billion dollars. It is time to finish the job and enact these needed reforms this year. These commonsense reforms can bring our property taxes down even further and perhaps even reduce them. If you fail to act, everyone in New Jersey will know who obstructed the solutions to our property tax problems.

One last word on the subject of taxes. Last year, I proposed cutting our income tax by 10%. When some objected, in the spirit of compromise and conciliation, I agreed to the essence of the Senate plan on tax cuts. Then, in a fit of political partisanship, some in this chamber decided to deny New Jerseyans the tax cut they so desperately need and deserve.

It is clear to me that on this subject we simply disagree. I believe New Jerseyans are overtaxed. Many of you in this chamber repeatedly vote for tax increases. So, let me be direct with you – I have compromised and offered your plan for tax cuts. You have reneged on your promise to me and the people of New Jersey. I will not shut down the budget process to continue this argument; the people's business and our least fortunate citizens' needs are too vitally important in the aftermath of Sandy. But, if you change your mind and concur with my conditional veto, my Administration will figure out how to pay for this long overdue tax relief. If you do not, I am content to let the voters decide this in November.

We have learned from experience that taking on problems now will leave us better off in the future. We have seen that it works. The first step is to change the mindset, to change the conversation. And that means putting the people we serve first, and then getting down to work.

In the past year, of course, our economy has been challenged by Superstorm Sandy. In the face of this unprecedented emergency, we have stood together: recovering, rebuilding, restoring.

I want to thank the members of this legislature and our congressional delegation, on both sides of the aisle, for their support of the \$60.4 billion emergency relief package which congress enacted last month. We stood firm, and we stood together.

I want to make sure we can move ahead quickly, and without endangering resources for other key priorities.

So today, I am proposing the establishment of a \$40 million Sandy contingency fund for those expenses not reimbursed by the federal government. This will ensure that we can move ahead with maximum speed, and that those things that fall through the cracks do not bankrupt families, businesses or local governments.

This will allow us to get small businesses back on their feet, without delay.

It will allow us to continue to make progress on restoring key roads and infrastructure, regardless of federal timelines.

It will help us rebuild the shore. I grew up going to the shore every summer, and I still do. It is the heart of New Jersey. It still beats strong, in every one of us.

The shore will come back – as I've said, it will come back stronger than ever. And I will tell you this: I expect to go the Jersey Shore every summer for the rest of my life, including this summer of 2013.

Sandy cast a bright light on the dedication, bravery and professionalism of our first responders. To each and every one of you, we are grateful.

To honor your service, we need to make sure there are more of you – so in this budget I propose an over 35% increase in funding to train the volunteer emergency medical personnel of tomorrow.

While Sandy is a challenge that has confronted us today, the most important investment we can make for our long term future is in education.

Therefore, for the third year in a row, I am increasing state aid to New Jersey's schools. This budget provides an increase of \$87 million for school aid, bringing total state aid to education to almost \$9 billion – an all-time record, for the second year in a row. With this budget, 378 school districts will see funding increases and no district in New Jersey will experience a decline in K-12 formula school aid for Fiscal Year 2014.

With this record commitment to funding must come an unyielding dedication to reform. Here too, we have made great steps in these last three years, but our job is far from finished.

I have repeated to you my belief that a quality education in New Jersey should not be a function of your zip code but a product of your hard work and enthusiasm.

To make good on this belief, I am including \$2 million to fund a pilot program of opportunity scholarship grants for needy students. Any child in a chronically failing school should have the choice to find a better one, whether it be out-of-district or non-public. These grants will show that choice can work, even – indeed especially – in some of our most underperforming school districts. I have been fighting for three years to end the abandonment of these children and their families. Today, that fight continues.

I am providing today \$5 million for an “Education Innovation Fund” in New Jersey, to implement the best, new, innovative teaching models in all of our schools – including the use of technology and the internet. Technology has transformed every other industry in America, to all of our great benefit. Let’s make sure it transforms education as well, for the better.

These two initiatives, combined with record-setting support, are part of a reform agenda that must be an urgent priority for this legislature.

We must continue to support, fund, and implement the historic tenure reform that we enacted on a bipartisan basis last year.

We must also continue to authorize, fund, start, and support our charter schools in New Jersey.

Our student achievement ranks high among the states, but it does not rank high everywhere in our state. And we should settle for nothing less than being the very best in education, in innovation, and in achievement no matter where you live, this is the key to a brighter future for New Jersey.

Now, in higher education, I am once again proposing to increase student assistance through the Tag Grant Program. The budget calls for an increase of \$17 million in Tag funding. And I am restoring aid to independent colleges with a \$1 million increase in their funding.

The voters also agreed with me that we needed to invest capital in our state colleges and universities. For the first time in a quarter century, they voted overwhelmingly to invest in our children’s future. We will put to work this spring over \$1.6 billion in state and private funds to build classrooms, laboratories and other facilities to grow and modernize our higher education system.

The correlation between the ability to get a job, a higher income, and educational attainment is clear. So let’s make the path to college available to every New Jerseyan who’s willing to do the work to get there.

Ensuring a quality education is one means of creating opportunity for the state’s most vulnerable populations. Another is ensuring adequate quality health care.

New Jersey is a leader in the nation in reforming our Medicaid program. Last year the federal government approved our innovative and strategic reform proposal, which does right by the people the program is designed to serve. We have taken groundbreaking steps to ensure high-quality, cost-effective and comprehensive health care for New Jerseyans by focusing on controlling costs, promoting community-based care, preserving hospital funding and integrating primary and behavioral health care.

For example, as a result of our reforms, instead of having the standard Medicaid program that forces seniors into nursing homes as the only option when they need long-term care, our seniors will now have a choice. They will be able to stay in their homes and communities while receiving the services and support they need.

It’s simple. We are putting people first.

Which is why, after considerable discussion and research, we have decided to participate in Medicaid expansion under the Affordable Care Act. While we already have one of the most expansive and generous Medicaid programs in the nation, including the second highest eligibility rate for children, we have an opportunity to ensure that an even greater number of New Jerseyans who are at or near the poverty line will have access to critical health services beginning in January 2014.

For a single adult, 133% of the poverty level is under \$16,000 a year. These people are consistently among those who need help the most – men and women who have suffered trauma in their lives, live with mental illness, rely on New Jersey’s emergency rooms for primary health care needs, or those citizens who lack insurance or access to treatment.

Expanding Medicaid will ensure New Jersey taxpayers will see their dollars maximized. Federal funding will cover 100% of the costs of this expansion for the first three years and then leveling to 90% in 2020.

Let me be clear, refusing these federal dollars does not mean that they won’t be spent. It just means that they will be used to expand health care access in New York, Connecticut, Ohio or somewhere else. Accepting these federal resources will provide health insurance to tens of thousands of low-income New Jerseyans, help keep our hospitals financially healthy and actually save New Jersey taxpayers money. In fact, taxpayers will save approximately \$227 million in Fiscal Year 2014 alone.

Let me be clear, I am no fan of the Affordable Care Act. I think it is wrong for New Jersey and for America. I fought against it and believe, in the long run, it will not achieve what it promises. However, it is now the law of the land. I will

make all my judgments as governor based on what is best for New Jerseyans. That is why I twice vetoed saddling our taxpayers with the untold burden of establishing health exchanges.

But in this instance, expanding Medicaid by 104,000 citizens in a program that already serves 1.4 million, is the smart thing to do for our fiscal and public health. If that ever changes because of adverse actions by the Obama Administration, I will end it as quickly as it started.

Even without the Affordable Care Act, we have continued to work to provide health care to the uninsured, including many thousands of low-income children through New Jersey family care. This budget continues that effort by providing a \$47 million increase for family care.

And our commitment to prevention in health care extends beyond Medicaid – it is across the board.

Emma's Law requires babies in New Jersey to be screened for 60 disorders that can cause serious health problems. This budget increases funding for newborn screening by \$1.6 million so that it can be done at no additional cost to New Jersey's parents.

This budget supports our health care clinics that serve over 1.4 million patient visits each year. Total support for Federally Qualified Health Centers is now at \$50 million – an all time high.

We are also protecting last year's significant increase for cancer screening under the New Jersey Cancer Education and Early Detection Program. The budget provides \$12 million for cancer outreach, screening, and follow-up services.

And this budget provides substantial funding for our hospitals – some \$966 million. To maximize our share of federal matching funds, we have reformed the way we calculate distributions so that hospitals are reimbursed based on the level and quality of care they provide to patients.

We are also bringing those with disabilities into the economic mainstream. So since the beginning, my Administration has paid particular attention to people with intellectual and developmental disabilities and mental illness.

I have signed a bill to eliminate offensive and archaic references in our laws and regulations. We have created a central registry of offenders who willfully abuse, neglect or exploit a person with intellectual disabilities. We have expanded housing opportunities for people with disabilities. And we have made New Jersey an "employment first" state – which is better for families, employers and people with disabilities.

Today, I am proud to announce that we have settled an eight-year-old Olmstead lawsuit with Disability Rights New Jersey. The suit claimed that New Jersey was not complying with U.S. Supreme Court mandates to allow people with developmental disabilities to live in the least restrictive and most appropriate setting. In response, we have increased funding for community-based services; we have reduced the waiting list for in-home supports and services, and we have expanded group homes and supported living options.

We all know New Jersey's sad history of over institutionalization. We have institutionalized more citizens than any state other than Texas. It is shameful. It is ineffective. And, in this Administration, it is ending. We are allowing people with disabilities to live where they and their families want them to live: at home, in the community, among family and friends. So this suit is settled.

But to continue this progress, my budget includes \$83 million for community placements and services for those with developmental disabilities.

Some of our worst health and mental health problems are related to another problem: drug addiction.

Last year, I proposed to you that we require treatment for convicted drug offenders. It seems a lot smarter to me to allow those battling drug addiction the chance to reclaim their lives through treatment rather than wasting away in prison. I appreciate your passing this landmark legislation, and was happy to sign it into law last summer.

This budget supports the expansion of the Drug Court Program to implement this law – increasing funding by over \$4.5 million for drug court.

However, you failed to adopt a bail reform package designed to keep the most violent, sociopathic offenders behind bars while awaiting trial. Failure to put this measure on the ballot is inexcusable and it makes every New Jerseyan less safe and our justice system less effective. As New Jersey's former U.S. Attorney, I know law enforcement. I know how to combat violent crime. Along with Attorney General Chiesa, we have instituted programs which have crime declining, corruption on the run and thousands of guns off the street with our gun buyback program. Violent criminals on the streets make every citizen less safe and put witnesses at risk. If there is room on the ballot for other issues, there is certainly room for a bail reform amendment, which will give prosecutors and judges the tools to keep violent sociopaths behind bars. Please do not fail our citizens again – how many more New Jerseyans need to be maimed or killed by repeat offenders before we act? Put bail reform on the November ballot and let New Jersey citizens vote for greater public safety for themselves and witnesses of violent crime.

At the end of the day, a budget is a blueprint for how to move forward. And this is our plan.

It holds the line on spending, while funding the most important priorities like education for our kids and the reformed pension plan. It encourages growth with tax reductions, and helps us rebuild from Sandy. It continues those things that will hold down property taxes. It makes a record contribution to our pension system, accounting for 85% of all our increased spending. It reforms those programs which help the most vulnerable – encouraging prevention, work, and treatment -- even while providing the needed support so all New Jerseyans can participate in a growing economy and

building a better future. And it does all that while spending less of the people's hard earned money than we did six years ago.

Fiscal discipline. Investments in growth. Inclusion of all. Bipartisan solutions today—not a return to the reckless budgeting practices of the Corzine years. These are our principles. They are working. They are building a better New Jersey for everyone.

I know for some it is tempting to go back to the old ways. "Let's loosen the purse strings; we can spend more if you let us tax more," they say. But we have seen the result of this approach, and it is ugly. It doesn't work.

It is tempting for others to fight over every item on this agenda. To play the old partisan games. To block progress in search of a better headline. To put their political future ahead of the future of the state. But we know that doesn't work either. Just look at the results in Washington. Is that what we want in New Jersey? Do we really want to return to the tax and spend Trenton of the four years before we arrived?

Our approach has been to stand up and say what we believe in. To plant our feet on the ground and hold fast to our principles. To fight for what you believe in. But, when you see the other side moving a little closer to you, to recognize that progress and reach out your hand in compromise. To find the answer, instead of keeping the issue. Indeed, to be the answer.

That requires being willing to act, and willing to lead.

The reforms we put in place, the investments we make, the discipline we instill, may not all yield results this year or in this term, but they are vital nevertheless. They are part of our obligation to leave state government, to leave New Jersey, to leave this country, better than we found it.

For these past three years, we have been about results, and we are not going to change now. And the people are better off for it.

We have turned Trenton upside down. We have gotten the budget under control, and we have begun to address the long-term health of pensions. We have spurred a wave of over 100,000 new jobs. And we have taken the steps to hold down property taxes. We have improved our schools at the same time.

Let's not stop now. Let's not turn back. Let's not fail to be bold with the challenges ahead. Let's finish the job.

The people of New Jersey have trusted us. They have put their faith in us to come together. It's truly remarkable what we have accomplished in these last three years. The state is growing again. But we can make things even better.

So let's continue to fight for our principles. Let's work on a bipartisan basis. And let's get to work for the people who gave us these jobs in the first place. We have weathered the worst storm in our state's history with bold leadership, decisive action and bipartisan cooperation. The sky ahead is limitless if we just have the courage to stay the course.

Thank you, God bless you, and God bless the great state of New Jersey.

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