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Governor Christie: I Will Not Increase Taxes On The People Of NJ To Pay For This

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Gov. Christie: I Will Not Increase Taxes On The People Of NJ To P...

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Transcript:

Question: Thank you Governor. My name is Mark, Mark Worobetz. I grew up in Union County, lived up here in Sussex County for the last 30 years. My question is about the pension and pension payments and the 2011 law. Our pension—if we paid the full pension this year it would be \$3.1 billion?

Governor Christie: That's not even the full. That would be what was required under the 2011 law. That would be for the fiscal year starting July 1st.

Mark Worobetz: OK.

Governor Christie: It would be 3.1 billion, which represents I think at that point 5/7ths of the actuarially-required payment. The full payment if we were to make it would be 4 ½ billion per year from here forward.

Mark Worobetz: OK. But just as per to the 2011 law it would be 3.1.

Governor Christie: The 2011 law is 3.1 billion.

Mark Worobetz: OK. And the budget I believe is 33.8 billion.

Governor Christie: Ballpark.

Mark Worobetz: All right, Rounding everything off, so if we do the mathematics we would have \$30,700,000,000 left over after we made the full payment, so my question is, if we make the full payment, then we meet our obligations and we still have the 30-plus billion left. Don't you think we should keep our promise, fund the pension, and allow this to continue and at the same time not get our bond ratings knocked down and meet our obligations?

Governor Christie: Yeah, no, because what I would like you to do is come to my office and tell me where you're going to find the additional 1.7 billion out of the 30, so let's start with education funding. Education funding is \$12 ½ billion of the 33 billion, and we're not allowed to touch that, per the Supreme Court, so \$12 ½ billion is off the table for openers. You then go to Medicaid. Medicaid is not an optional payment for us either. It's a partnership with the federal government, at some level 50-50, at some level 90-10. If we tried to reduce Medicaid funding to help pay for this, not only would we hurt the poor people who rely on Medicaid to get their health treatment, but also the federal government would come back and do something they call claw back. If you reduce the benefits, they then come back and take for a period of time prior to that all the money they gave you for their 50% share and you got to pay it back, so it's not only what you would reduce it and how that would hurt folks but also you'd have to write a check to the federal government for Medicaid. That's a multibillion-dollar part of our budget.

Mark Worobetz: OK. But I want to get the point across is maybe there is a solution to this because—

Governor Christie: What? What's your solution?

Mark Worobetz: Maybe shared sacrifice would be a solution. We've taken it from the police, the fire, the schoolteachers, the workers.

Governor Christie: What have we taken?

Mark Worobetz: The sacrifice. They're paying more and getting less.

Governor Christie: They're not getting less. They're getting exactly what they got before.

Mark Worobetz: The pension benefits have been decreased.

Governor Christie: No, the pension benefits have not decreased.

Mark Worobetz: There's no more COLA. Teachers—the workers are having more taken out.

Governor Christie: The COLA? Are you serious?

Mark Worobetz: Well, that's a benefit, isn't it?

Governor Christie: COLA—I mean the fact is you're telling me that that's a sacrifice, that you don't get an increase in your pension every year that you didn't pay for when in fact you were in the system?

Mark Worobetz: But wasn't it once a benefit that was taken away? Workers are now paying more out of their salaries.

Governor Christie: Current workers are paying more because current workers weren't paying and still are not—

Mark Worobetz: OK.

Governor Christie: Wait a second. Are still not paying anywhere near what they should be paying for the benefit that they're getting. They put in a fraction, a fraction of what they ultimately get in return, a fraction.

Mark Worobetz: I'm not arguing with that. What I'm saying—

Governor Christie: They've been getting a bargain for years, so we're not even yet close to where they're paying what they should be paying, even with the '11 reform.

Mark Worobetz: Well, back to shared sacrifice.

Governor Christie: Yeah?

Mark Worobetz: The police, the fire, these people have paid more in. Their benefits have decreased somewhat, but we haven't gone after everybody.

Governor Christie: Who? Who haven't we gone after? Poor people on Medicaid?

Mark Worobetz: Well, let's just—no. Why don't we think about—

Governor Christie: You want me to cut education funding to the kids in schools in New Jersey, by the way we're not allowed to do?

Mark Worobetz: No, but we could possibly look into rolling back some of the benefits we gave, tax levels for corporations and some of the rich for the time being until we get our feet underneath ourselves.

Governor Christie: What benefits do the rich get exactly? Since the year 2001, when we have the most progressive income tax system of any state in the country, the rich in New Jersey pay a higher percentage of the overall income tax than in any other state in the country. We have a millionaire's tax in this state that starts at \$400,000 a year, a millionaire's tax that yes, starts at \$400,000, so that in New Jersey you can be taxed like one.

Mark Worobetz: Wasn't that 400,000, that number, didn't that sunset?

Governor Christie: No, no. What sunsetted—what sunsetted was the millionaire's tax surcharge. We raised the millionaire's tax to 9% for everybody who makes \$400,000 a year or more. Then, Governor Corzine put a surcharge to raise it to 10 ¾% on those people. That sunsetted—the Democratic legislature, before I became governor, had the opportunity to do your shared sacrifice idea, and they said no thank you. We're not going to extend it. They then of course, the day I came into office, very soon thereafter reintroduced it to try to see if the Republican governor would do what they didn't want their Democratic governor to do, which was to once again raise the tax and not let it sunset, so yes the Democrats, Governor Corzine and the Legislature allowed the millionaire's tax surcharge, which raised it to 10 ¾% from 8.97% to sunset, and I have been unwilling to do in 2009 [GAP IN AUDIO]... I didn't take it from all of you, so your deal is, what you want me to do, what you want me to do, and I understand. You want me to raise taxes on everybody else to make this payment, when these folks get higher benefits, higher and better benefits than anybody who is paying for it, and they get better and richer long-term benefits than anybody who's here, and these folks in this

state already pay some of the highest taxes in America, so what I'm saying is, you want shared sacrifice? Then have health benefits like everybody else has, like everybody else has.

Mark Worobetz: But Governor, Governor, you have, you have the money. You have the money. You have \$30,700,000,000 that you do not wish to pay.

Governor Christie: No. It's not that I don't wish to pay it. I have other legal requirements. I said to you, where do you want me to do it? We've taken \$12 ½ billion off the table for school aid, which the Supreme Court absolutely prohibits me from touching. When I tried to reduce that by \$500 million in 2011, the Supreme Court came back and ordered me to put the money back in, 500 million out of at that time about 11 billion. They ordered me to put the 500 million back in. Medicaid and all the federally-related programs that are pass-throughs in the budget, I can't take that money because if I do the federal government's going to come back and tell me they want their share back. You think this is easy. You want to make a point.

Mark Worobetz: No, it's not an easy decision.

Governor Christie: We've reduced spending already \$2 ½ billion on everything other than pensions, health benefits, and debt service over the last five years, so I understand that you think you're making a really great point here. It's your point. Congratulations, but it's not going to happen, and it's not going to happen, and if the Democrats had a way of doing it they would. The only way—you don't hear them suggesting one reduction in spending anywhere, including on any type of tax credits that you're talking about, which by the way are payable over 20 years, and so you have to divide whatever number you want to use by 20, by 20, and that's the amount of money you have for this fiscal year for any tax credit, so my point to you is the money is not there and the only way that it would be there is if you want to raise the sales tax from 7% to 10%, or you want to raise the income tax on everybody in New Jersey by 29%. If you want to do that, that's a perfectly, a perfectly logical position. I happen to disagree with it and I won't sign it.

Mark Worobetz: OK, but let's go back to the bill you vetoed. If you made quarterly payments—let's say I go to my town hall and say listen, I'm going through a rough time and I can't make my property tax payment. Now what I would do is they would put me on a payment plan to make those benefits to pay that property tax down. The same thing is the obligation with the pension.

Governor Christie: As Governor, I have put more money into the pension system than any governor in history, than any governor in history, and so, you know, your argument, if you want to make it, go back and see the previous five governors and ask them why they didn't do the things they were supposed to do and the legislatures who didn't do it, but just remember one thing: we put more money into it than anybody. This pension is in better shape because of the reforms we made. It's absolutely true than it would have been if we had not made the reforms and I had not put—you cannot argue with the idea that if you put \$4.2 billion into the plan in five years, that you have made the plan better than the people who put 3.4 billion in over 15 years, so I'm sorry that I'm the guy who's being responsible about this and actually has put more money in than anybody else, but you—it is not as simple as you on the back of your envelope taking \$30 billion and saying, well it must be there somewhere, because guess what? If it was there the Democrats would be doing it too, and the only idea they come up with is to increase taxes, so I'm not going to get into any further debate.

Mark Worobetz: No. I thank you for your time Governor.

Governor Christie: I understand your position, but what I want to tell you is the progress that we've made on this has been significant and what we need to do now is to get the people who are receiving extraordinary benefit, more extraordinary than anybody else in society receives, that those folks have to understand that they've got a choice to make now.

Mark Worobetz: OK. Thank you for your time.

Governor Christie: Thank you.

Mark Worobetz: And in 2011 you made a promise. You were unable to keep it and now we have to go back, so that's—it was a 2011 law that you signed. It was your promise to us.

Governor Christie: I'm aware. By the way, it was not only my promise. It was the Legislature's promise.

Mark Worobetz: Correct, absolutely.

Governor Christie: The Legislature has not funded it either, so let's remember something: if it was going to be able to be funded, they would have funded it, and that's why I said what I said off the top. With all the parades and the standing on podiums and saying they would fully fund it, go to the Democrats in the Legislature and ask them where the money is. Ask them the same question you asked me, and I'm giving you the honest answer, which is it is not there. It's not there. Now when we passed this law in 2011, both the Office of Legislative Services and the treasurer's office both projected that we'd be able to make these payments.

Mark Worobetz: So what happened?

Governor Christie: The revenue didn't come in. Their projections, the revenue did not come in, so if the revenue doesn't come in you've got two choices: either lower costs or increase taxes. Those are your two choices. My choice is to lower costs. I do not and will not increase taxes on the people of New Jersey to pay for this. I'm not going to do it.

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