

Office of the Governor

PO BOX 004
TRENTON, NJ 08625

NEWS RELEASE

CONTACT: Pete McDonough
609-777-2600

RELEASE: June 30, 1998

GOVERNOR INKS \$18.1 BILLION BUDGET -- INCLUDES \$6 BILLION FOR EDUCATION, \$9 BILLION FOR PROPERTY TAX RELIEF, AND \$700 MILLION SURPLUS

New Jersey Gov. Christie Whitman today signed into law an \$18.1 billion state budget that makes major investments in public education and the environment while controlling spending for executive branch operations. The budget calls for increases in the state's surplus and "rainy day" fund and for new programs to preserve priceless open space and to help in revitalizing New Jersey's cities.

"This budget puts New Jersey on its firmest fiscal footing, ever," Gov. Whitman said. "It is a sound investment in New Jersey's future - in the education of our children, the preservation of open space, the revitalization of our cities, and toward the reduction of our structural deficit. This budget ensures that New Jersey will continue to be a great place to live, work and raise a family for future generations to come."

The FY 1999 budget not only boosts the state surplus to \$700 million, it eliminates the state's reliance on one-shot revenues. When Gov. Whitman took office in 1994, she inherited a budget that included a record \$1.5 billion in one-shot revenues and a projected surplus was just over \$400 million.

The budget also strengthens the Governor's commitment to reducing the structural deficit - reducing it by \$120 million to \$436 million. The Governor noted that when she took office in 1994, that deficit was \$1.5 billion.

"With this budget, we are continuing to clamp down on budget growth and wasteful spending," said the Governor. "And thanks to tax cuts, economic development and smart fiscal management, our revenue growth has exceeded our rate of growth in expenditures. The growth in expenditures during this administration is about half of the rate we experienced during the last administration. That is real progress."

The average annual rate of growth in revenue has been 3.4 percent over the last four years. The average annual rate of growth in expenditures has been 3.1 percent.

"The budget absorbs more than \$250 million in new tax cuts including reductions in energy taxes, an expansion of the deduction for property taxes from the state income tax, and the final phase of the state assumption of county courts," the Governor said.

Governor Whitman cut taxes 17 times during her first term. The total savings realized through those tax cuts now tops \$6 billion.

"Altogether, we've saved taxpayers more than \$6 billion. That's \$6 billion more in the hands of taxpayers who can afford to expand or launch a new businesses, send their kids to college or save and invest for the future," said Gov. Whitman.

The budget includes a \$73.3 million increase in higher education to ensure excellence and affordability in New Jersey's colleges and universities. It increases by \$12 million the state's commitment to its community colleges, a commitment that has prompted those institutions to freeze tuition for every community college student this fall, Governor Whitman noted.

The budget also reorganizes the Department of State as the headquarters for arts, historical and cultural programs and centralizes corporate revenue collections in the Department of Treasury -- making accounting easier for New Jersey businesses. The budget also begins the transformation of the Department of Commerce into the "New Jersey Commerce and Economic Growth Commission," a commission that will ensure that the state is ready to respond to the ever-evolving demands of competition in the global marketplace.

The largest area of state spending included in the budget is public education. Gov. Whitman's FY1999 budget proposal increases spending on schools by \$602 million. New Jersey will now spend \$6 billion, a full one-third of all state expenditures, on public education. This budget maintains parity in spending among all of the state's school districts. New Jersey invests more money per pupil than any other state in the nation.

The budget also increases overall funding for property tax relief by \$912 million to a total of \$9.2 billion - more than half of the total budget.

The budget also includes the following:

- \$9.4 million increase in funding for the protection of the environment, totaling \$302.4 million

- \$50 million to create a \$100 million pool for preserving open space and to bring New Jersey closer to the Governor's goal of preserving 1 million acres of open space during the next ten years
- \$25 million to the New Jersey Redevelopment Authority and jumpstart the Governor's \$400 million initiative to revitalize New Jersey's urban areas and redevelop abandoned properties. The initiative will make available \$300 million in EDA bond funds and \$100 million in HMFA bond funds for urban revitalization.