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Christie Administration Enforces Budget Discipline and Protects New Jersey Taxpayer Dollars

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ARC Project Executive Committee Unanimously Agrees New Jersey Can't Afford ARC Project and Recommends Immediate Termination

Trenton, NJ - Today, Governor Chris Christie accepted the recommendation of the ARC Project Executive Committee to terminate the ARC Project based on a 30-day review which confirmed the project is expected to substantially exceed its current budget. Based on calculations by the Federal Transit Administration (FTA) and the New Jersey Transit (NJ Transit), the final budget is expected to top \$11 billion and could exceed as much as \$14 billion, compared to the project's current budget of \$8.7 billion.

The federal commitment is capped at \$3 billion and the federal government requires that any costs above \$8.7 billion must be absorbed by the State of New Jersey. Cost overruns are estimated to be in a range from more than \$2 billion to over \$5 billion.

Jim Weinstein, Executive Director of NJ Transit stated, "While we recognize the importance and value of a cross-Hudson transportation improvement project, the current economic climate in New Jersey simply does not allow for this project to continue considering the substantial additional costs that are required. The ARC project is just not a financially viable project that we can responsibly move forward."

Governor Chris Christie stated, "I have made a pledge to the people of New Jersey that on my watch I will not allow taxpayers to fund projects that run over budget with no clear way of how these costs will be paid for. Considering the unprecedented fiscal and economic climate our State is facing, it is completely unthinkable to borrow more money and leave taxpayers responsible for billions in cost overruns. The ARC project costs far more than New Jersey taxpayers can afford and the only prudent move is to end this project.

"There is no doubt that transportation projects are critical to creating jobs and growing our economy. I have asked Commissioner Simpson and Executive Director Weinstein to work with all interested parties - Amtrak, the Federal Transit Administration, the Port Authority, the State and City of New York and our Congressional delegation - to explore approaches to modernize and expand capacity for the Northeast Corridor. However, any future project must recognize the regional and national scale of such an effort and work within the scope of the State's current fiscal and economic realities," Governor Christie concluded.

On September 10, 2010, the ARC Project Executive Committee recommended and the Governor directed a 30-day pause in the execution of new contracts and any new expenditures in order to fully understand the status of project funding and the likely cost of moving the project forward as originally planned. Based on this detailed financial analysis, the ARC project will be terminated and staff will immediately begin an expeditious and orderly shutdown of the project.

- [Memorandum from the ARC Project Executive Committee \[pdf 110kB\]](#)

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