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## March 16, 2010 - Remarks of Governor Chris Christie to the Joint session of the New Jersey Senate and General Assembly Regarding the Fiscal Year 2011 Budget

**Trenton, New Jersey**  
**March 16, 2010**

Mr. President, Madame Speaker, members of the Senate and Assembly.

I am required by statute to report to you today on my plan for the state's budget for fiscal year 2011.

I am required by our State's constitution to submit a plan in which revenues and expenditures are in balance.

And I am required by the duty I have to the

People of this state -- and by the moral obligation we all have to the generations who will follow us -- to take bold action now to reverse the direction we have taken for many years.

This is my first full budget to be presented to this legislature. And, to be frank, it represents a completely new course:

- A new course that will stop our fiscal hemorrhaging;
  - A new course that will fulfill our joint responsibility to leave this state better than we found it;
- and
- A new course that will make possible a brighter future of growth and opportunity.

My friends, this new course is long overdue.

Today, we are fulfilling the promise of a smaller government that lives within its means. Today, we begin doing what we promised we would do. The defenders of the status quo have already begun to yell and scream. They will try to demonize me. They will seek to divide us rather than unite us. But even they know in their hearts, if not yet in their minds -- it is time for a change.

Never forget, some of those shouting the loudest are the architects of the disaster we are now suffering. Do we really want another decade of economic failure? No, this spring it is time to clear

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away the underbrush to make room for growth.

So, today, we stop sweeping problems under the rug. We will not hide our problems until another day. And we are certainly not increasing the tax burden we place upon our people.

Today, we are taking necessary and decisive action to reduce state spending and reform state government. The problems we have hidden for twenty years are evident for all to see. The day of reckoning has arrived.

Some are saying, by their choice of policies, that we should descend further into debt and deficit, and risk driving more people out of the state with “temporary” tax increases that always turn out to be permanent.

I say we must face up to our responsibility:

- Cut government spending and end public union excesses that we can no longer afford;
- Reform government to cost less and operate better;
- And restore some sense of balance to the obligations we take on -- so that in the future they are both sensible and sustainable.

In short, we can forge a new course. One that brings spending in line with revenues. One that attacks our problems directly so they are shrinking, not growing. And most importantly, one that lays the groundwork for a better tomorrow.

Today, I ask you to join me in setting out on this new course.

We did not dig the hole in which we find ourselves in a day or a year. The massive gap between our resources and our appetite has built up over twenty years. It has been dug by a lack of discipline and unwillingness to say no; made deeper by poor policy choices along the way and quick fixes to avoid tough decisions.

And now that hole is a grand canyon. The distance between New Jersey’s projected revenues for next year and the state’s spending obligations under current law, if nothing is changed, is \$10.7 billion. As a percentage of the prior fiscal year’s \$29 billion budget, it is a massive deficit – the largest deficit of any state in America, and the largest in our own history -- by far. No fiscal crisis we have had in New Jersey’s history compares to this one.

Therefore, our solutions must set a historic new course – directly away from the failed tax and spend policies of the past.

In recent years, we have allowed the problem to become bigger through a series of one-time gimmicks that have worsened our situation.

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This year, for example, some state employees will be given an 11% salary increase, at a cost of

\$300 million to the taxpayers, while many New Jerseyans are lucky to even have a job. Incredible.

\$700 million in one-time revenues came in from granting amnesty to tax cheats in another

gimmick that was used to paper over problems. As usual, our government spent it all in one year, and

built that much more spending into the budget for this coming year, with no way to pay for it now or in

the future.

So too were federal stimulus funds for education irresponsibly spent all in one year -- and then

simply added into the budget, with no way to pay for it this year.

The attitude has always been the same -- continue to spend, continue to borrow, and drop the

catastrophic sum of all of these poor choices into the lap of the next guy. Well, time has run out. The

bill has come due.

Over fifteen years, \$4.7 billion was stolen by both parties from the trust fund set up for

unemployment insurance benefits and spent for other purposes. The result, without action, is a

crippling tax increase that will kill more jobs in a state that already has the worst unemployment in the

region.

As you know, on that matter, I have proposed action to cut the punitive payroll tax increase on

jobs, make benefits more reasonable, restore health to the trust fund, and prevent future raids. I ask

you to pass it now.

Our unemployed fellow citizens need the bridge of compassion provided by unemployment

benefits. Playing politics on what is a moderate and needed proposal to fix this system will only

threaten to blow up that bridge and hurt families already in crisis. For those who stole the money in

the first place, you now have the responsibility to help permanently fix the fund you bankrupted.

Over the course of two decades, time and again the State has borrowed to pay its every day

bills. You wouldn't do that in your own home, and we shouldn't do that with your tax dollars.

The result is overwhelming. Outstanding direct debt has ballooned from \$3.9 billion in 1989 to

\$33.9 billion last year. And total debt, including all obligations, has tripled from \$17 billion to over \$51

billion, just since 2002.

Our debt is equal to an obligation of \$4,100 for each and every man, woman, and child in this

state -- 130% higher than in 2002.

These gimmicks were used; this borrowing was done, for one simple reason: government spent

too much money -- not only at the state level, but also at the local level.

State spending grew 59% from 2001 to 2008, before the current recession forced us to make do

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with less.

That is bad enough, but as you know, more than half of what the State spends every year is sent to local governments, in the form of aid for municipal government and school districts. And local government has exercised even less control. Spending at the local government level has risen 69% since 2001.

Even now, in the depths of a great economic crisis, local governments and school boards can't hold back on the pressure that comes from the public sector unions. What is the proof? While New Jersey's private sector lost 121,000 jobs just in 2009, New Jersey's local governments added 11,300 new municipal and school employees. 11,300 new government employees paid for by your taxes just this last year. 11,300 new employees added while you are struggling to keep your job and pay the bills.

We must give the voters the tools to stop the madness and stop it this year.

My friends, the taxpayers have paid a steep price for this lack of discipline by their state and local leaders.

The litany is well-known to everyone in this room -- and if it is not, it should be.

The per-person cost of state and local taxes has tripled in the last two decades. That's right, on a per person basis; New Jerseyans today pay more than three times in state and local taxes than they did 20 years ago. The income growth of our citizens has not kept pace. Yet we continue to hear advocates, I am sure even after today's speech, asking for higher taxes again -- for going into your pocket one more time.

All while New Jersey residents are the most over-taxed in the country.

We have one of the highest top marginal income tax rates; the second highest sales tax rate; the sixth highest corporate tax rate; and the highest property taxes in the nation.

Add it all up, and the sad fact is that we are number one -- with more state and local taxes taken as a percentage of income than any other state in America.

That is one distinction I am prepared to give up.

Some will say that we should tax our citizens more to keep up with spending growth. They have said it before. They have done it before. They will say it again today. Get ready, it will sound like this:

"We need the money," they will say. "These are good programs"; "it's only fair"; "we'll only tax business, it won't hurt you one bit"; 'let others pay more.'

Understand one thing -- the actions they will propose will raise taxes on businesses -- large and

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small -- and kill a job market already on life support. If you are unemployed and support tax increases,

be ready to stay unemployed. If you are working and support the job killing taxes that some will

advocate today, you may be next to lose your job. These are the facts they will not tell you.

We have the worst unemployment in the region and the highest taxes in America, and that's no

coincidence. Is the way to fix that problem to make our taxes even higher? This has been their

prescription for the last ten years and the job market in New Jersey is near death.

You changed doctors in November for this very reason -- now it is time to change medicine, too.

Off the temporary high that comes from higher taxes and greater spending. Back to the hard, difficult

medicine of fiscal discipline, lower spending and less debt -- which in your heart you know will lead to

the greater long term health of our state.

If government is left unchecked, with no changes in current law, spending by the state of New

Jersey is projected to be \$38.4 billion in the coming fiscal year. This is outrageous. 20 years ago, when

Governor Florio took office, spending was only \$12 billion. If we did nothing, spending will have

increased 322% in 20 years -- over 16% a year, every year. That's right, state government spending

would have gone up at 4 times the rate of inflation over the last 20 years. Today, we say, stop.

The latest estimates from our department of the treasury project revenues for the year of

\$28.3 billion.

That's a difference of over 10 billion dollars. To make up that deficit with taxes would require

New Jersey to more than double income taxes -- not just on the rich, not just on someone else, but on

every single taxpayer in new jersey.

When some stand up to protest the cuts we make, ask them, would you rather double my

income taxes to continue to pay for this government?

Ladies and gentlemen, I was not sent here to approve tax increases; I was sent here to veto

them. And mark my words, if a tax increase is sent to my desk, I will veto it. It is time for the tax

madness to end.

The point is, we have tried that route. And it has failed.

Previous administrations and legislatures have raised taxes 115 times in the last eight years

alone.

Raising taxes again on the people of New Jersey, the highest taxed citizens in the country,

would be insane.

In the past two years, with higher taxes, revenues have fallen, not risen.

One reason is that some people who could leave New Jersey have left the state. A recent study

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documented this trend. It found that from 2004 to 2008, New Jersey experienced a net outflow of wealth of \$70 billion.

Ladies and gentlemen, if you tax them, they will leave.

In the past two and one-half years, New Jersey's unemployment rate has more than doubled -- from 4.4% to 9.9% --. From below the national average to above the national average.

There is a cost to all this taxing and spending. It is costing us jobs.

That price is unacceptable. I want to put New Jersey back to work.

So today, as promised, I am proposing a new course -- an entirely different course.

My budget proposes to review state government from top to bottom, and bring it under control. My budget proposes that we reform the way New Jersey government operates; and that we demand reform from the local governments we fund as well.

My budget proposes that we end the days when New Jersey is a national leader in per person taxes, per person debt, and unemployment -- and that we instead turn New Jersey into a national leader in job creation, growth, and opportunity.

The time for change has arrived, and it is time to get to work.

I became your governor just eight weeks ago with a mandate from you to do what I said I would do when I asked for the job. To cut the size of our budget and impose discipline on a government out of control. In those eight weeks I have cut \$13 billion in spending. That is \$1.6 billion per week; \$232 million a day; \$9 million an hour for every hour since I took the oath of office. This budget, full of tough and painful choices, is part of that effort and keeps faith with my pledge.

There are 2,112 line items in New Jersey's budget and we have reviewed every one of them.

For some we recommend a cut. For some, we ask that they stay intact. For still others, we propose reform. And for those that are not essential, we recommend elimination. Due to the elimination of those unnecessary programs, there will be as many as 1,300 layoffs, beginning January 1, 2011.

In total, the budget we submit today calls for the state to spend \$28.3 billion in fiscal year 2011.

It is a reduction of nearly 9% from the total amount the state spent last year. A 9% drop in one year in state spending -- now that is the change we deserve.

And it is a reduction of \$10.7 billion below the original budget projection for the year under current law.

It has been a difficult process to come up with spending cuts of this magnitude.

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And it will not be easy to enact or implement them.

This plan requires sacrifice by all New Jerseyans. But it is a shared sacrifice. And while holding the line is difficult today, it is necessary for a better tomorrow.

The watchwords of this budget are shared sacrifice and fairness. Individuals contribute, businesses sacrifice, local governments tighten their belts, and we end our addiction to spending. Everyone comes to the center of the room – we jump off the cliff together to stave off certain fiscal death for the hope of economic salvation tomorrow.

\$2.9 billion of the budget gap was closed by reforming programs to make them better and more efficient than ever before.

Every single department of state government will be reduced:

Agriculture, down 24%;

Banking, down 12%;

Children and families, down 4%;

Community affairs, down 35%;

Corrections, down 7%;

Environmental protection, down 2%;

Education, down 8%;

Health and senior services, down 6%;

Human services, down 4%;

Labor, down 6%;

Law and public safety, down 7%;

Military affairs, down 2%;

The public advocate, down 25%.

State, transportation and treasury, down 11, 3, and 39%, respectively.

Every department of state government has been asked to tighten its belt. And we will demand local governments do the same. We cannot and should not make state government shrink only to let local government expand.

\$3 billion in savings results from recognizing that our pension system must be reformed before we can or should fund a broken, out of control system. The pension system has been so generous that it has created a flood of liabilities. From 2002 to 2008, pension payments to retirees grew 56%, triple the inflation rate. Our benefits are too rich, most public employees contribute too little, and the taxpayers have had enough -- enough of out of control pensions to public sector unions while they are

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losing their own jobs, enough of losing their homes, and then being told by the union bosses that they must pick up the tab for rich pensions at the same time.

The senate has unanimously approved a plan that is a good start and will have an immediate and material effect in beginning to reform this now unsustainable system. These bi-partisan reforms would limit participation in pension plans to full-time employees, bring a more rational approach to calculating benefits, ask both state and local employees to contribute to the cost of their health plans going forward, and cap large sick leave payments at the local level just as we do for state employees.

I congratulate Senate President Sweeney, Minority Leader Kean, and all members of the senate for moving this needed legislation forward unanimously. I had hoped the assembly would have done the same by now given the urgency of the crisis. I urge the assembly again today to act on these needed pension reforms. And I will sign these bills the moment they hit my desk.

But that is only the beginning. To fix our broken public union pension system, we must repeal the unwarranted 9% pension increase granted by republicans in 2001 but never paid for by either party. We must do it for current as well as future employees. We must make it among our most urgent work to be done.

In taking the broad and decisive action to bring this proposed budget into balance, it is important to recognize the things we did not do.

In a number of cases, we took action to protect important programs, or those that were vital for the state's most vulnerable populations.

This budget proposes to save property tax relief for fiscal year 2011 by finally reforming the gimmick of politicians sending out rebate checks right before an election. Worse yet, this program cost over \$10 million in interest every year because we borrowed the money we sent back to you in a check with the governor's name on it. That kind of deceitful politics ends with this budget. We will send you property tax relief, after a break to reform the system, as a direct credit on your property tax bill. No checks, no games, no politicians pushing themselves into your mailbox to get the credit – just direct property tax relief on your property tax bill. The first credits will appear in May 2011, in recognition of the shared sacrifice we all must make.

We took steps to preserve New Jersey's health-related safety net on several fronts:

First, I propose to increase funding in fiscal year 2011 for New Jersey's hospitals. During these difficult economic times, it is a priority to protect our hospitals and those they serve. This budget stands up for our hospitals despite all our other fiscal challenges.



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Second, we must continue to fund the enrollment of all eligible children – up to 350% of the federal poverty level – in Medicaid and New Jersey family care. The health of all our children is a priority we have protected.

Third, I propose to preserve access to needed medications for our senior citizens. These medications are lifesavers for our seniors. My budget maintains program eligibility for prescription drugs.

In other areas, too, we have tried to maintain the essential even in the context of the broader need to remove the excess.

The budget maintains funding to keep New Jersey's parks open so that struggling New Jersey families will have an affordable, in-state place to vacation this summer.

Because in dire economic times we do not believe anyone should go hungry, we have preserved funding for New Jersey's food banks and expanded eligibility for food stamps to 185% of the poverty level.

Closing a nearly \$11 billion budget gap required us to look hard at the biggest category of spending in the budget – state aid to school districts.

Last year's state aid included over \$1 billion in one shot federal stimulus money that will not return this year. This type of irresponsible use of stimulus money was a typical election year gimmick used to fool school districts and our citizens. Today, we pay the price for putting off the hard choices; school districts will have \$819 million less than they had last year. These federal dollars are gone because the stewards of last year's budget decided to spend every nickel in one year rather than spreading these resources over a number of years as the program intended.

We have worked to ensure that no school district in New Jersey will face a reduction in aid that is greater than 5% of their school budget-- so school districts will face a budget cut that is 4% less than the cut in state spending as a whole. During a crisis worsened by the election year foolishness of our predecessors, we keep school aid cuts at less than state spending cuts.

And I am also proposing legislation to finally give school districts the power they have repeatedly asked for in collective bargaining and in setting employee benefits so that they can lower the costs of their budget without affecting learning in the classroom.

Now, let's speak candidly about the costs of our public school system. I am a product of New Jersey's public schools and proud of it. I honor the service of good, conscientious teachers who care deeply about training the leaders of tomorrow for our state.

The leaders of the union who represent these teachers, however, have used their political

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muscle to set up two classes of citizens in New Jersey: those who enjoy rich public benefits and those who pay for them. That has created a system that cannot be sustained – a system fueled by mandatory dues of more than \$700 a year taken out of every one of the nearly 200,000 teachers' paychecks.

Political muscle fueled by intimidation tactics, political bullying and smears of public officials who dare to disagree. This conduct has set up an unfair system. Is it fair to have any public employees getting 4-5% salary increases every year, even when inflation is zero %, paid for by citizens struggling to survive? It is fair to have New Jersey taxpayers foot the bill for 100% of the health insurance costs of teachers and their families from the day they are hired until the day they die? Is it fair that teachers have a better, richer health plan than even state workers and pay absolutely nothing for it?

I believe rank and file teachers know this is not fair and that we can no longer afford to burden our taxpayers with these costs and runaway taxes. The union bosses will tell you, as they always have each time their empire is threatened, that they are protecting our children. This tired song has grown old and inaccurate. Is the way our children learn affected by whether the union gets free family health insurance for life for its members? Does a child learn more if the union gets 5% taxpayer funded raises every year for its members? This is nonsensical and self-serving – and we all know it.

Just how arrogant has the union gotten? By refusing to accept merit pay and use it to reward their best members, the union may have cost New Jersey \$400 million in race to the top school aid from Washington. They did this in a year when they complain about budget cuts; in a year when we could truly use the money. Ask yourself, just who is putting their personal interests ahead of our children's?

My proposal is simple: school district employees should pay for a reasonable portion of their health care costs, just like every other New Jerseyan. If we do not end this dual system, state and local government will have to raise taxes endlessly to pay for it. Teachers are not the problem, they get it. Trenton special interests are the problem and we must stand up to them.

With respect to municipal aid, I am recommending a reduction in various forms of municipal aid of \$445 million, but it has been designed to minimize the effect on any one municipality. I am also ordering the department of community affairs to implement a new, disciplined, and significantly reduced program for the past recipients of special municipal aid and extraordinary aid.

No longer will we reward cities and towns who irresponsibly spend. The gravy train of this type of aid is ending. Only those who show they are cutting their budgets just as we are, and practicing

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transparency with the aid, will make the grade for temporary help. The message is simple: we are ending this aid, and soon, so get your act together now.

In the task of getting control of our finances and turning New Jersey around, we cannot do it alone. If we do not see spending control at the county, municipal and school board level, we will be leaving the job undone.

Today's pain will have been suffered in vain. So, local governments and school districts must be our partners in this shared sacrifice.

Their spending growth is out of control in large part for the same reasons that state spending has grown – employee costs, health care costs, retirement costs, and a failure to set priorities while establishing reasonable means of control.

So today I am introducing in this budget a series of proposals that constitute a toolkit to protect taxpayers from property tax increases. At the same time, my plan will give local governments and school districts the tools to cut costs so they too can reduce taxes for New Jerseyans.

At its heart is proposition 2 ½ -- a constitutional amendment to cap the growth of property taxes at no more than 2 ½% per year.

In 1980, the voters in Massachusetts adopted a similar proposition, and the results were striking. While in 1977 Massachusetts had the 3rd highest property tax burden, by 2005 it had dropped to 33rd place.

Some will say this will affect the quality of children's education. This is absolutely wrong.

Massachusetts has accomplished this astonishing drop in property taxes while maintaining the #1 k-12 achievement in America.

We must take the same direction. I urge the legislature to approve this constitutional amendment and send it to the voters this November. The voters have waited too long for relief. There is no good reason to take this decision out of voters' hands. If it is right to vote for a constitutional amendment to fund pensions, as many in this chamber support, I contend we must allow voters to vote for controlling their own property taxes.

But the state should not ask cities and towns to meet a standard that we ourselves are not willing to live up to. Accordingly, I am also proposing that this constitutional amendment cap the growth of state spending at 2 ½ percent per year.

We must also have collective bargaining reform that respects these new caps. Arbitration must be preserved for public employees who cannot strike. But arbitrators cannot act in a vacuum. We must reform the system to allow for recognition of the spending caps and an award's impact on

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property taxes. Fundamental fairness to both sides requires an arbitration system – but one that is fair to all parties.

We must also have civil service reform. The heart of our proposal is that local government at every level should have the option of opting out of civil service. That tool alone will save an untold amount of taxpayer dollars and make management of our towns better and more professional. This taxpayer's toolkit for property tax reform is one piece of a broader reform agenda that must accompany the spending decisions we are making in this budget. Both “r” words – reduction and reform -- must be covered as we try to control spending for the long term and attack this budget deficit.

Shortly after taking office, I signed executive order 15, under which we are reviewing the hundreds of authorities, boards and commissions that populate New Jersey state government. Our goal: to consolidate or eliminate those that should not exist, and to end the excessive compensation and pension grabs made by those in this shadow government. We are asking for shared sacrifices to put our house in order – out of control authorities and commissions like the Passaic Valley Sewerage Commission must learn that their days of padding their own pockets at the expense of taxpayers are over.

Part of that cleaning up should be to analyze which functions can best be performed by state employees and which by outsiders. For example, the state does not need to be in the business of running parking garages. And it does not need its own television network – New Jersey network can and will succeed as an independent not-for-profit, and we should free it to pursue that path.

Last week, I established a privatization advisory board, to be chaired by former congressman and state legislator Dick Zimmer, to examine other opportunities for saving by contracting with competent outside firms.

In the past, we've been insufficiently attentive to running state government smarter, cheaper, and more effectively. I am sending to you today dozens of initiatives to do just that – from using electronic benefit transfer cards instead of paper for child care payments, to cracking down on Medicaid fraud, to the simple step of using direct deposit for state employee salaries.

These are only some of the steps I am including in the proposals I am sending to you today. It is not only our spending plan for next year; it is a blueprint for reform.

Because the financial crisis in which we find ourselves, as difficult as it is to resolve today, gives us the chance to lay the foundation for a more solid future tomorrow.

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We are not turning state government upside down just to solve the crisis this year. We're doing

it to reduce the chance that there will be another crisis next year.

We are not cutting spending and trying to reform our habits for the sake of being punitive to

those who must change. We're doing it for the sake of giving hope of what real change will bring -- a

healthier, more affordable government, and ultimately a better life for the people of New Jersey.

Winston Churchill once said that "the pessimist sees difficulty in every opportunity. The

optimist sees the opportunity in every difficulty."

By that standard, I am an optimist.

I see this day, and this time, as an opportunity for New Jersey.

Even as we gather, the newspapers have reported that many of our fellow states are resorting

to the techniques and tricks that have gotten New Jersey into so much trouble in the past.

In Illinois, they are raising income taxes and increasing borrowing to solve this problem. Sound

familiar? Like New Jersey, they will see taxpayers leave, and revenues fall. We have been there

already and feel the sting of that failed policy today.

In Maryland, they are borrowing to cover current obligations. And in doing so, they are piling

one problem on top of another, reducing the creditworthiness of their state, and creating a crisis that

will be larger in the future. Hey, we've done that already, too. Today we live with the choking debt

service that this failed policy has wrought.

By taking direct, tough action, difficult as it may be, we can turn our crisis into an opportunity.

In a competitive national and global economy, we can build a lead on those states. 37 of the 49 other

states are electing governors this year. You know nothing tough is going to happen this year in those

states.

But if we make the tough decisions now, we will be one year ahead of 80% of the states in the

race to economic growth. If we fail to act, we will fall even further behind.

Surely the day of reckoning will come for these other states in the coming years. Their need to

reform and restructure, like ours, is inevitable. And by going first, we can become first.

You see, my goal is for New Jersey to be the leader.

Today, we are first in tax burden. We are first in the number of college students who, once

educated, leave our state. We are near the top in debt, and number one in getting the least back from

Washington for every dollar we pay in taxes.

All this must change.

I said eight weeks ago that change has arrived. And today is a key day in implementing and

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pursuing that change.

The reforms we make today -- to streamline the operations of government; to halt the endless parade of new taxes; to lay the groundwork for growth -- can make possible a new kind of leadership.

Where New Jersey is number one in new business creation.

Where New Jersey is number one in job growth.

Where New Jersey is number one in educational achievement.

And where we lead once again in providing opportunity for our citizens and pride in what we can accomplish together.

There is no question: this has been an incredibly difficult period for our state and its people.

And the choices I am asking you to make now will not be easy.

But they are the first step on the path to a brighter future.

It has been said that "the important thing is this: to be able at any moment to sacrifice what we are for what we could become."

So while the task ahead of us may not be pleasant, it is essential.

We can accomplish something important here in New Jersey --. Something big. It is nothing less than the turnaround of our state, and the creation of a brighter future for our children.

So I ask those of you in the legislature, and all of the citizens of our state, to join me -- in pitching in, in working together -- not only to share in the sacrifices we must make today, but in forging the path to a better tomorrow.

The journey starts today, and I know it will be worth the effort.

May god bless you, may god bless America, and may god continue to bless the great state of New Jersey.

### Full Transcript

**Anita Velardo:** We have a special guest with us today, Governor Chris Christie welcome to the Jersey Shore, thanks for coming on the program with us today.

**Govenor Christie:** Anita I am thrilled to be on, thanks for having me.

**Anita Velardo:** Governor, of course we're going to talk about your budget, seems like everybody's talking about it these days. You know for a long time we here in Monmouth and Ocean County have felt that we got the short end the stick from Trenton and now it seems like you're saying your budget is sharing the pain.

**Govenor Christie:** It's shared sacrifice for everybody. We walked in here to an \$11 billion budget deficit, that was left for us. And this has been building for over the last 20 years. We've been unwilling to say no to anyone. And it's put us in the situation now where are economy is worse than any in the region because we tax too much and we spend too much. So what we need to do is stop spending so much so then we can stop taxing so much and grow the economy and put our people back to work. This budget is the down payment on the growth that we want to see in the future.

**Anita Velardo:** Okay, by now I think most school districts and towns have gotten their numbers can you just

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explain in a nut shell how you arrived at those final numbers at aid for, cause I think that's probably the most controversial part of your budget.

**Governor Christie:** Sure. No on the school aid Anita, what we did was we said that every school district should take a 5% cut in their budget. And that is the way we applied it across the board. So, now in some of the school districts where we don't receive a lot of state aid that 5% cut eliminated most if not all of their state aid. In some districts that receive a lot of state aid, that meant that it still was a significant amount of money. For instances, the school board in Newark had a \$45 million cut to their budget and so there was significant cuts but in no district did it amount to more than 5% of their overall budget.

**Anita Velardo:** It is no secret that the New Jersey Education Association is very critical of these cuts. They say that their members will not be bullied into paying for what they call misguided priorities. They say that you're hurting education. What do you say to that?

**Governor Christie:** Anita, let's make this really clear. First off, we had no choice to make the cuts we made because we lost a billion dollars in federal aid to education this year. Now, we were able to increase the money from state aid by \$230 million, but that still left us with a \$820 million hole that you simply can't fill in any kind of significant way given the tax structure in this state. And so we've asked everybody to make a shared sacrifice. The teachers union, let's be clear, if every teacher in New Jersey this year took a pay freeze, just for one year, and paid 1.5% of their salaries toward health benefits, that would make up 800 million of the 820 million. Now, in a time where we have nearly 10% unemployment, when were in the top ten in the country in for closures, and people are struggling to make ends meet. Why should the teachers union be demanding 4 and 5% raises for their members, and taking those raises and paying absolutely nothing toward their health benefits. There's not another profession in New Jersey that gets that kind of benefit and so we're asking everybody to share in the sacrifice. So if there are layoffs and program cut backs, it's because the teachers union has decided they don't want to join in the sacrifice.

**Anita Velardo:** Now the union says that some teachers do give something.

**Governor Christie:** Very few teachers give a little bit, the overwhelming majority of teachers don't pay anything toward their health benefits and are getting 4 and 5% raises. Which at this time are four and five times the rate of inflation. And now you talk to people in the private sector, they are not getting any raises at all, some of them haven't gotten raises in two years. And even public sector non-union state workers have not gotten a raise since 2006. Now everybody is making sacrifices up and down the line in fact some teachers are doing the right thing. In Essex County, the West Essex School Board got together with the West Essex Education Association, the teacher union in their district, and they agreed to a wage freeze and to pay a portion of their health benefits and they were able to avoid laying off teachers and other employees because of it. That is an extraordinary bit of stand up action. And you know the union in West Essex took a vote, they voted 133 to 7 in favor of taking a pay freeze because they didn't want to see their colleagues lose their jobs. That's the kind of togetherness and family conduct we need during these difficult times in New Jersey. And I wish the teacher's union would stop worrying about their reputation as the big bully on state street and start worrying more about our kids and their members.

**Anita Velardo:** Now a lot of people say that thought really the big moneys on the top with superintendents and the administrators.

**Governor Christie:** There is big money there and Commissioner Schundler, Commissioner of Education, and the executive county of superintendents have been demanding that administrative cuts be made first. And so you're seeing significant cuts and people forgoing their raises. Principles all across New Jersey have agreeing to forego their raises this year. Superintendents have been agreeing too. And we're seeing cuts in administrative function. But let's be clear, the real money in education are the salaries and benefits that are given to the 185,000 public school teachers we have in New Jersey. Those far outnumber administrators. Administrators need to share in the sacrifice, and Commissioner Schundler is making sure they do that. But in the end, the real money is what we pay to teachers. Believe me this is not a probable with teachers, because you looks at West Essex situation, when the teachers were given the right to vote, they voted 133 to 7 to step up and be part of the solution and take the pay freeze. The union is not permitting them to do that, in fact they're discouraging them from doing that all around the state. There're being the problem not the solution.

**Anita Velardo:** So when we look at the cut to municipalities. You have taken a no new taxes pledge, but many have said that because you cut the aid to the municipalities, they will have to raise property taxes. So, what's your challenge to the towns? How can they keep their property taxes down? Speaking as a property taxpayer myself,

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**Governor Christie:** Sure. And me too. I pay property taxes in New Jersey also. And here is how they can so it. We're giving them the tools to make a difference. We're going to do civil service reform. We're going to do collective bargaining reform, which will allow them all to try to manage their budgets and their workforce better. But in the short-term what's going to mean is doing more with less. It's probably going to mean some layoffs, but let's remember this, in 2009 the private sector in New Jersey lost 121,000 jobs. In 2009, municipalities and school boards added 11,300 jobs. Now that's just outrageous. And they're going to have to start to lay some people off, not continue to hire at the pace they hired in 2009 in the middle of a recession. So I think at the municipal level, especially at some municipalities, there's a lot of fat there that can be trimmed away. A lot of friends that we're given jobs who are going to have to be told it's not going to work in this economy. There's a lot of Mayors who are already doing that. Ramsey up in Bergen County yesterday. Mayor Botta up there is doing a great job in doing more with less and not having property tax increases because of this cut. Everybody needs to ban together to do that; there are ways to fix it without raising taxes.

**Anita Velardo:** I know Mayor Acropolis in Brick also talking about working with you and he's head of the Ocean County Mayor's, I believe, Association, so, you do have some support.

**Governor Christie:** He is and he's done a great job; a great job.

**Anita Velardo:** Yup, he has. And all of what you want to do requires support from the legislature. Last week I talked with Lou Greenwald and Joe Malone, do you think you'll be able to work with them and the budget comity?

**Governor Christie:** Absolutely do. Listen, I've proposed a budget, it is a balanced budget as required by the Constitution. And I've told them that if they want to make changes to that budget, I'm willing to listen and willing work with them, as long as we're not raising income taxes or sales taxes on the people of the state of New Jersey. We are now the highest taxed state in America, we have the second highest income tax rate, the second highest sales tax, the sixth highest corporate business tax, and the most expensive property taxes in America. We cannot continue on that path and expect that we're going to get economic growth which will put our people back to work. And so, if they want to work within the budget that we have and make some changes, I'm more than happy to consider those changes when they send them to me, but I am not going to sign a tax increase in New Jersey.

**Anita Velardo:** Ok, you're biggest supporters are probably the business community, but they are worried about the unemployment insurance trust fund. Any progress on that? I know you proposed some legislation and I know you also asked Washington for help.

**Governor Christie:** Right, and now listen, the Washington help is more long term help. We have to fix ourselves and help ourselves in the short term. And so, I've made a proposal that asks for sacrifice from everybody involved; a 17% tax increase on employers to help shore up the fund, and also some sacrifice from those who are getting benefits, to take \$50 a week, not for the people that are currently unemployed, but from only people who become newly employed after the enactment of the statute, would take \$50 less, from \$600 a week to \$550 a week. Now, to put this in context Anita, that would make us from the second richest unemployment benefits in America, to the third richest unemployment benefits in America. It's a small amount of sacrifice to be asked for on both sides and it will, on our plan, will bring the fund to solvency quicker than if we just raise taxes.

**Anita Velardo:** Ok, and healthcare reform that was just passed, I know a lot of states say that they are going to join in a lawsuit. Have you looked at it and what that is going to mean for New Jersey?

**Governor Christie:** I have my Chief Council, my Attorney General, and my Commissioner of Health, looking at that right now and they're going to come back to me with advice on how this bill affects New Jersey and then I'll be able to make an informed decision and not just a political one on whether I want to proceed with any legal action or not.

**Anita Velardo:** Ok, and you will let us know, I assume, as soon as you decide whether you will take action or not.

**Governor Christie:** As you've learned Anita, I'm not shy about letting people know what I think.

**Anita Velardo:** No, that is definitely true. And just lastly, any decisions yet on Monmouth County Prosecutor Luis Valentin?

**Governor Christie:** No, we're just starting the prosecutorial process. We've got a number of folks up this coming summer, including Prosecutor Valentin, whom I have worked with before; worked with me in the United States Attorney's Office, and whom I have great respect for. But we're going to work with the State Senators in Monmouth County and we're going to work through a normal process to consider all the candidates who might be



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potentially available for all the different prosecutor's positions, and when we get closer to June we'll be in a position to make some of those decisions.

**Anita Velardo:** Ok, and Transportation Trust Fund about to run out. Any thoughts on that? I know, you know, everything is so tied now with NJ Transit Hearings right now and their budget and their rate increases, but long term, we've got to do something about transportation, right?

**Governor Christie:** We do, and to tell you the truth Anita, that is this summer's crisis. I need to focus right now getting the budget balanced, filling that \$11 billion hole, working with the Legislature to repair the bankrupt Unemployment Insurance Trust Fund. Those are the things I'm working on now, once we get passed June 30th, then I'll be working with the DOT Commissioner to start to come up with solutions for the crisis we have at the Transportation Trust Fund. I mean, we were left with a Transportation Trust Fund near bankruptcy, the Unemployment Insurance Fund in bankruptcy, and the State budget \$11 billion in debt. But everyone should feel good after nine weeks in office, we have cut \$13 billion in spending in nine weeks; \$2.3 billion going to fiscal year 2010, for the budget year we are currently in, and another \$10.7 billion for fiscal year 11. We promise to shrink the size of government and to make New Jersey more affordable, and we are well on our way to doing it.

**Anita Velardo:** And I think what's encouraging, we did see some private sector growth last month in jobs.

**Governor Christie:** We sure did, and I think it's because we are sending a very strong signal, a very strong signal to folks to say, "We mean business, we're going to make it more business friendly in New Jersey, we're going to get taxes moving down in the right direction, come to New Jersey, re-invest in New Jersey, and help put our people back to work."

**Anita Velardo:** Governor Chris Christie, thank you so much for coming on the program, come back any time ok?

**Governor Christie:** Anita, thanks so much, I appreciate it and you bet I will!

**Anita Velardo:** Governor Chris Christie, my guest this morning on the Breeze, knows my Producer Charlie Torres. Charlie, I know you're going to put up all kinds of helpful information on our website for people that want to find out more information about how the Governor's budget impacts our area.

**Charlie Torres:** Yea, right in the Breeze notes section of our website, BreezeRadio.com, Anita, I'm going to be posting a link to the Governor's website. It's got a lot of great features and a wealth of information on his budget. From there listeners will also be able to follow his updates via Facebook, Twitter, and YouTube. Now, most municipalities in Monmouth and Ocean County are seeing double digit losses in state aid for his budget. I'm putting up a link to the DCA's website where everyone can look up their individual town to see the break down. So, lots of good stuff.

**Anita Velardo:** And that is my Producer Charlie Torres, thanks as always, and I want to say thank you for sharing a bit of your Sunday morning with us.