

GOVERNOR THOMAS H. KEAN  
Governor of New Jersey

Transmitted to the Second Annual Session  
of the Two Hundredth Legislature.

Mr. President, Mr. Speaker, members of the Legislature:

We all know that these are difficult times, and the budget I present you with today reflects these times. It is a budget that anticipates the austerity we will face in the coming year. It is a budget that demands that we meet the challenge of diminishing resources with imagination and tough decisions.

At the same time, this budget is a tool that we can use in the job of revitalizing our economy and putting our people back to work.

And, perhaps most importantly, it is a document that clearly recognizes our society's obligation to aid the needy, support the aged, and care for those who cannot defend and care for themselves.

#### ECONOMIES

Personally, this budget represents for me my first opportunity to present to you a plan for New Jersey that is completely my own.

As such, it contains some departures from past budgets.

First, it proposes no new taxes or fiscal gimmicks. To achieve this end required difficult decisions on my part, and will require difficult decisions on the part of every manager of a state program throughout the coming fiscal year. We have, however, no choice. We cannot ask the people of New Jersey, in these difficult times, to pay higher taxes. Neither can we mortgage the future with short-term fiscal trickery.

Second, this budget imposes a system whereby government will be managed from the top down, not controlled by demands coming up from the bottom. We can no longer be told by agencies of the state what their needs will be and then set about looking for new revenues to meet those needs. Instead, we are telling government to live within its means, and demanding that every dollar be used carefully and imaginatively.

And third, I have begun an ambitious program of management improvement to assure that the dollars we spend return the greatest possible value to our taxpayers.

This shift in attitude is a continuation of the changes I have begun since I took office a year ago.

During my first year as governor I made cuts in requests for current services amounting to approximately \$100 million. These cuts are unprecedented in the history of our state. I eliminated millions more in wasteful practices by placing new and badly needed limitations on the use of state automobiles and in the way in which state-owned housing is managed. I have drastically tightened the use of free passes on our state-owned passenger rail system and, with your cooperation, I hope to eliminate that practice altogether.

Further, in preparing this year's budget, I received from the various departments and agencies of our government legitimate requests totalling almost \$7.3 billion. As the budget is presented to you today, those requests have been cut by nearly half a billion dollars.

As a result, the increase I am recommending in Fiscal Year 1984 for the Direct State Services appropriation for the Executive Departments is, at \$64.2 million, only 3.4 percent above the current year.

Compare this with last year's increase of \$185 million, or 11 percent; or with the Fiscal Year 1982 increase of \$230 million, or 15.7 percent, and you will see that we have made a dramatic break with the past: we are bringing the cost of government under control.

In 17 of the 20 Executive Departments I am recommending no increases at all from current funding levels. These departments will be forced to absorb the cost of inflation and live with budgets that are, in real dollar terms, actually lower than last year's. Had we adjusted those 17 department budgets by the rate of inflation alone, it would have added \$70 million to this budget!

In only three Executive Departments have I recommended any spending increases. Even here, in nearly every case, the additional spending is specifically designed to speed the economic revitalization of our state or protect the safety of its citizens.

### Governor's Management Improvement Plan

Achieving these severe reductions while remaining a compassionate government that stands ready to care for the poor, elderly and disabled is obviously a difficult task.

A key element in attaining this goal has been the Governor's Management Improvement Plan. During the past year this effort, lead and coordinated by the Office of Management Services, has embarked on the most ambitious and meticulous study of state government ever attempted.

Using top business executives loaned to the state by many of New Jersey's largest corporations, the Management Improvement program is studying every operation within state government, uncovering waste and duplication that soaks up dollars which should be spent in service of our people.

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Already eliminated are the costly and unproductive layers of such state agencies as the Department of Labor, the Department of Education and the Division of Youth and Family Services. In each case, wasteful layers of middle management have been eliminated and that time and manpower directed toward providing services.

During 1983 this valuable program will continue to provide my administration with the information we need to operate effectively within the extraordinarily tight appropriations I am recommending, but, at the same time, improve the services we deliver to the residents of New Jersey.

Further, it will leave for future administrations a legacy of tightly structured and well managed government. However, there are steps that must be taken if we are to achieve these economies.

#### Data Processing Initiative

It is clear that New Jersey simply can no longer afford the luxury of our outdated and inefficient methods of processing information. Not only is it an unconscionable waste of taxpayers' dollars, but it puts us increasingly out of touch with the rest of modern society, where sophisticated data processing has become commonplace.

Even beyond this, we must begin to face the fact that, in many cases, the actual physical integrity of documents vital to our citizens is being jeopardized. We must no longer be forced to tell the elderly widow or the destitute mother of small children that the assistance on which she so desperately depends will not be arriving this month because her file has been lost or her records have disintegrated from repeated use.

Early on in their study, members of the Governor's Management Improvement program identified as a key issue the status of data processing and office automation in state government. A comprehensive review of this important issue disclosed that, overall, we have accomplished much given the limited resources available for this purpose.

However, the study makes clear the need for vast improvements in our data processing and automation systems if we are to realize the cost savings and efficiencies needed to allow us to live within our means and still carry out the many programs on which our citizens depend.

Therefore, I am recommending a \$20 million appropriation for data processing and office automation. These funds will be used to move data processing in state government to the threshold of technology. The program is absolutely vital, and we cannot control spending without it. The savings contemplated in this budget cannot be achieved without this data processing money. If these monies are not made available, more

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dollars will be required by the various departments to maintain current service levels.

I should add here that I consider it absolutely imperative that this, and other capital improvement programs I will recommend, be accomplished on a pay-as-you-go basis.

This year debt service in the budget surpasses the quarter-billion-dollar mark, and will cost the taxpayers of this state more than \$280 million. This figure is up more than 17 percent over the current year's appropriation.

We cannot continue to mortgage the future to pay for today's necessities. To continue down this improvident path will only rob us of the ability to borrow, when we must, for projects that are rightfully funded through long-term financing. At the same time, it will increasingly force us to withdraw dollars from badly needed programs in order to satisfy our ever-increasing debt obligations.

Moreover, adopting a pay-as-you-go policy will help protect New Jersey's credit rating which, as you know, is among the very highest in the nation. Not only does that credit rating allow us to borrow, when necessary, at the most favorable rates, it is a strong attraction for businesses choosing new locations, since it signals a fiscal soundness which will help protect against unpredictable fluctuations in our economy.

To summarize, I am presenting a budget which reflects rigorous attention to economies in government spending and proposes prudent expenditures that will eventually promote even further savings.

#### OPPORTUNITIES - JOBS AND SOCIAL SERVICES

Conservation of our resources in some areas of government is necessary because other areas remain that require our attention. These are areas of state government that have been neglected in past years, in part because of pressing social needs, and in part because of political expedience. Either way, they are areas which we must now address, because to neglect them further is to threaten the well being of our entire society.

#### Transportation

In my budget message last year I strongly emphasized the need for adequate funding for the Department of Transportation. Today, I re-emphasize this need. Nothing we do will have more impact on the creation of new jobs and economic recovery.

I am recommending a highway transportation program of \$458 million; a proposal which gives us an unparalleled opportunity to take advantage of available federal funding which has too often been squandered away in the past. Through an appropriation of \$48.4 million, we will avail ourselves of nearly \$410 million in matching federal grants.

Copied with federal grants for mass transportation and our airports, we have ahead of us next fiscal year a \$700 million program for transportation capital improvements.

A sound transportation system is not a luxury. It is an absolute necessity to economic development in New Jersey. The adequacy of a state's rail and highway system is a key element used by businesses in arriving at decisions on where to locate or relocate. It is the foundation upon which we can build new jobs for our residents.

We can throw no greater stumbling block in the way of new jobs than to continue to neglect our crumbling transportation system.

Further, increased appropriations for the Department of Transportation have a direct and positive impact on the construction industry, creating badly needed jobs both in the industry itself and in related fields.

These appropriations are also vitally important if New Jersey is to take full advantage of federal funding for transportation.

The fact is a simple one that cannot be too clearly stated: New Jersey can no longer afford to throw away federal dollars, available in matches of anywhere from five to ten-to-one, for lack of our matching share.

Our long-term needs in this area are significant. The Department has identified \$2.4 billion in state and local highway and rail freight needs in its 7-year Capital Improvement Plan. The New Jersey Transit Corporation has identified \$1.4 billion in needs for mass transit over the next seven years.

Therefore, as I did last year, I am recommending substantial increases in appropriations for these programs that will significantly improve New Jersey's transportation system, while creating desperately needed jobs for thousands of our citizens. My recommendations take full advantage of the federal funding authorized under the Federal Surface Transportation Assistance Act of 1982. Failure to fund transportation at this level will put New Jersey residents in the unfortunate position of paying the federal gasoline tax at the pump, but failing to reap its rewards on our bridges and highways.

The major components of my recommendations for transportation funding include:

- \$149 million for the purchase of services from New Jersey Transit Corporation. This operating subsidy represents an increase over current levels of \$25 million, or 20 percent. Even at this level, we cannot rule out a fare increase during the coming year. We cannot, however, continue to hold in suspense the 300,000 men and women who depend daily on New Jersey Transit for a reliable and affordable means of reaching their place of work.

- \$21 million in capital appropriations for the Interstate Highway Program. This is a \$14 million increase over current levels, and will be matched by an estimated \$262.6 million in federal funds.

- \$8 million in capital appropriations for federal highway programs. This will provide funds for the repaving, rehabilitation, restoration and repair of interstate highways, for primary and urban road systems, for bridge replacement and for the High Hazard Location Program. An estimated \$105.3 million in federal funds will be available for these programs.

- \$8 million in State Aid for local matching funds for federal urban road systems, rural secondary roads and local bridge replacement. This appropriation will be matched by approximately \$42 million in federal funds.

- \$20 million for construction engineering.

In total, for the Department of Transportation, I am recommending \$38.7 million in capital appropriations and \$9.7 million in State Aid. These funds will be matched by \$410 million in federal funds for a total program in Fiscal Year 1984 of \$458.4 million.

I would caution first against cutting these sums. New Jersey is today paying the price for years of throwing away free federal highway dollars. Without these programs you will not only fail to create new jobs, you will likely cost the jobs of many who are today employed.

Second, I would again caution that we must take this part of the effort to rebuild our crumbling transportation system on a pay-as-you-go basis. As I have pointed out already, we must act now if we are to keep our ever-growing debt service from swamping us in the future.

### Education

For too many years now, New Jersey has given short shrift to the needs of our higher education system. Nothing could be more shortsighted, or more damaging to our society. Our children are our future. Providing for their education is perhaps our most fundamental responsibility.

Particularly in recent years, as new technology began to bring sophisticated scientific advances more and more into our daily lives, we in New Jersey have failed to keep pace. Now, we must act quickly or inevitably, our educational system and the students who rely on it, will fall behind in an increasingly competitive society. Thus, despite the general austerity of this budget, I feel compelled to single out higher education as an area where we must apply new resources.

High technology has become something of a buzz word, and we must guard against the inclination to fling money at the problem in a shortsighted attempt to appease public concerns. That is why, last year,

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I ordered the Commission on Science and Technology. The  
Commission, made up of top experts in the fields of education, science  
and business, is carefully assessing New Jersey's current status in this  
emerging world, and developing a thoughtful plan of action to carry us  
through the coming decades.

Now, based on the preliminary recommendations of the  
Commission, I am recommending a \$10 million appropriation for the  
Department of Higher Education to begin the programs we will need to  
keep New Jersey in pace with the rapid advances technology is making in  
our society.

The need in this area is twofold.

First, we must assure that New Jersey as an entity - our schools,  
colleges and universities, our research facilities and our business  
community - remains competitive with the rest of the nation as every  
aspect of our economy moves into an era of high technology orientation.

Second, and of equal importance, we must assure that our educational  
system is ready to prepare future generations to take their place in  
this new society.

Therefore, I am asking that \$5 million be appropriated in accordance  
with the Commission's recommendations to advance our status in this  
area. Of this sum, \$1.5 million will provide grants to research-oriented  
learning institutions for the development of high technology centers  
designed to attract private industry support and investment.

The remaining commission funds would be channeled into improvements  
of equipment and laboratory facilities at New Jersey institutions of  
higher education with advanced research programs in science and  
technology. The very presence of the best research facilities will act  
as a magnet for businesses engaged in high technology areas, and the  
promise of a highly trained work force available to work in these  
businesses will make the attraction even greater.

Thus our investment in our educational system will pay the valuable  
added dividend of stimulating the creation of just the kind of solid and  
rewarding permanent jobs the people of New Jersey must have.

We must, at the same time, prepare our young people for their place  
in a technologically oriented society.

I am therefore recommending that \$5 million be allocated to the  
Chancellor of Higher Education to upgrade our educational system to meet  
this coming challenge. The Chancellor's efforts will be directed toward  
the development of programs for science and mathematics teachers and  
courses of study designed to assure computer literacy in our coming  
generations of young people.

In addition, graduate fellowships for doctoral students will be established in the fields of engineering, computer science and other high technology disciplines at selected New Jersey institutions.

I am also recommending \$6 million for the Department of Higher Education for major capital renewal and replacement needs, including repair and renovation projects at campuses throughout the state.

This year's Higher Education budget will enable the state's colleges and universities to move away from a fixed relationship between student enrollment and faculty positions and, instead, encourage those institutions to improve academic quality by reducing marginal enrollments to maintain desirable teaching ratios.

Should tuition increases be required, we will insist that such increases remain consistent with the Board of Higher Education's policy of some years standing that undergraduates pay no more than the equivalent of 30 percent of the expense of their education, with graduate students paying no more than 45 percent.

However, we must not allow these necessary increases in tuition to foreclose deserving and needy students from the opportunity for higher education. Consequently, I am recommending that the Tuition Aid Grant Program be funded at \$38.1 million, an increase of \$2.2 million or 6 percent. This action will keep the doors of higher education open for our most needy students.

As I have said before, one of the most fundamental responsibilities of government is the education of our children. The manner in which we prepare them for their lives will profoundly affect the very fabric of our future society.

Thus, while in most areas of government, we must remain austere in these recessionary times, we cannot ignore the needs of our schools. The education of our children is my highest priority. Therefore, State Aid to Education received the greatest increase in the entire budget.

Consequently, I am recommending in Fiscal Year 1984 a total of \$2.15 billion from the General Fund and the property Tax Relief Fund in State Aid for education programs.

This represents an increase of \$154.7 million, or 8 percent, over the current year's adjusted appropriation, and an increase of \$200 million, or 10.3 percent over the original Fiscal Year 1983 appropriation. As such, it is one of the largest increases in Education Aid in the history of the state.

Local education spending will thus constitute approximately a full third of the total budget.

My specific recommendations in Education State Aid include:

Fully Funded Components

\$485 million for the Department of Community Fund, an increase of \$27.4 million.

- \$191.7 million for Special Education Programs, an increase of \$25.9 million.

- \$13.2 million for County Special Services Districts, an increase of \$2.2 million.

#### Selectively Increased Components

- \$1,108.1 million for General Formula Aid (Current Expense Equalization Aid and Minimum Aid), an increase of \$90.2 million.

- \$93.2 million for School Building Aid, an increase of \$11.7 million.

- \$14.7 million for Bilingual Education, an increase of \$1.3 million.

- \$19.5 million for non-public school aid, an increase of \$1.4 million.

#### Components With No Increases

- \$115.4 million in Transportation Aid.

- \$80.1 million in Compensatory Education Aid.

- \$7.0 million in School Nutrition Aid.

In addition, I am recommending \$7.7 million in State Aid for Libraries and \$912,000 in State Aid for the Newark Museum Association.

### Corrections

Last year saw progress in our corrections system that has not been matched in more than a decade. The public support for last year's Correctional Facilities Bond Authorization referendum was a clear indication of the high priority New Jersey's voters place on our continued attention to this pressing problem.

My recommendations in the Fiscal Year 1984 budget for the Department of Corrections provide sufficient funding to make great progress toward completing the Prison Overcrowding Plan of Action. we must not fool ourselves. Adequate funding is the key element in the resolution of the overcrowding problem.

It will not go away, and to ignore it will invite almost certain disaster.

The total budget I am recommending for the Department of Corrections, excluding the State Parole Board, is \$202 million. This is an increase of \$30 million, or 17 percent, over the current year's adjusted appropriation. Operating funds recommended are based on an institutional population of 11,016 - an increase of 1,877, or 21 percent, over the current year's average daily population.

In accordance with this administration's plan to relieve prison overcrowding, \$17 million is included for the operating costs of two new adult medium security prisons which will be operational in Fiscal Year 1984, and which will provide 896 additional bedspaces; and \$2.3 million for the operation of a new juvenile facility providing 128 bedspaces.

- \$10.2 million for the operational costs of the new 448-bed Southern State facility.
- \$6.8 million for partial year start-up costs for a new 448-bed facility to be built from the proceeds of the 1982 Correctional Facilities Bond Issue.
- \$12.6 million to continue the support for state inmates housed in county facilities. This level of funding will provide, on average, for 800 such spaces.
- \$2.3 million for full-year funding of the Juvenile Medium Security Center.
- \$8 million to fund an increase in bedspaces at existing facilities.

Other major increases include funds to provide additional parole staff to meet needs created by recent legislation, to increase the number of inmates in contract halfway houses, and to develop an integrated correctional information system.

In a closely related field, I am recommending \$1.8 million, an increase of \$800,000, in the Judiciary budget for the intensive probation supervision program. This program offers an alternative to incarceration to select groups of nonviolent criminals who are supervised by a carefully chosen group of line probation officers. The central condition for participants in this program is employment, maintenance of that job and payment of some of the program's costs.

It is a program that provides great value for the dollar spent. Intensive probation will cost approximately \$5,000 per year for each offender, as compared to an annual cost of \$17,600 to maintain an inmate in a state prison.

I am also recommending \$2.7 million, an increase of \$1.1 million, for implementation of the new Family Court which will operate within the Superior Court system. This move will shift existing Juvenile and Family Relations Court judges to state funding over a two year period, and will result in a uniform approach to family-related court cases with all the benefits of modern case management and effective case processing.

New Jersey has long been held up as a national example of progressive justice at work. A major element in this well-deserved reputation will continue to be the Committee on Efficiency, which has recommended significant changes in trial court case processing, budgeting and other areas. I am recommending \$107,000 in additional funds for the Committee to allow it to continue its excellent work.

### Social Services

The same economic conditions that make it difficult for us to operate government have made life even more difficult for many

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thousands of disadvantaged citizens of our state: the poor, the elderly, the disabled. We must take advantage of every opportunity to show compassion for those who need our help.

Consequently, I am recommending from the Casino Revenue Fund a total appropriation of \$157.6 million. This represents an increase of \$28.6 million, or 22 percent, over the current year's funding levels.

My specific recommendations include:

- \$69.1 million for the Lifeline Credit Program to aid the elderly and disabled with utility bills. This is an increase of \$4.8 million, or 7.4 percent, and will allow the grant level for the Lifeline programs to increase from \$175 to \$200.

Additionally, I will propose this year legislation to raise these levels \$25 each year for the next two years, bringing the grant to a maximum of \$250, which I believe is an appropriate level.

- \$25.8 million for the expanded Pharmaceutical Assistance for the Aged and Disabled Program, an increase of \$6.3 million, or a full 32 percent.

- \$50.9 million for the Homestead Rebate and Property Tax Deduction programs. This funding level will allow the property tax deduction to increase from \$225 to \$250. This recommendation adds \$5.7 million, or 12.5 percent, to these programs.

- \$750,000 for the Boarding Home Rental Assistance Program. This program provides rental assistance, through the Boarding Home Rental Assistance Fund, to eligible residents of boarding homes who experience rent increases brought on by the construction or acquisition of life safety improvements.

- \$550,000 for the Congregate Housing Support Services Program. This program provides meals, housekeeping assistance and personal care to certain residents of senior citizen housing developments. These services permit elderly residents who might otherwise be forced into nursing homes to continue to live independently.

It is impossible to overestimate the debt we owe to our older citizens, or the responsibility we have to assure that they are permitted to live full and independent lives. Certainly one of the greatest of these obligations is to see that the elderly are not forced to leave their homes and loved ones simply so that they can avail themselves of vital social and medical programs.

To help New Jersey meet this important obligation I am recommending two new programs aimed at just this idea.

The first is a \$6.3 million appropriation for Community Care for the Elderly and Disabled. Federal funds totalling \$5.6 million will also be available for this purpose. The major thrust of this program is to offer community based services to the elderly and disabled in their homes. The services under this program include case management, home health and medical care and homemaker services.

With this program we will demonstrate that there is a cost-effective alternative to institutional or nursing home care, and thus keep our elderly and disabled citizens in their own homes, where they belong, rather than in institutions.

Further, I am recommending \$4.2 million for the initiation of a Personal Care Program. Federal funds totalling \$3.7 million will help augment this program. Here we plan to provide a further optional service for current Medicaid-eligible persons. The specific services provided by this program will include all the basic health-related services provided to institutional patients. But here again, those services will be provided in the home, rather than in institutions.

I believe these proposals make good and appropriate use of the Casino Revenue Fund. I must caution, however, that we must begin to carefully monitor this fund. We cannot allow ourselves to promise more than we can deliver.

Therefore I believe we must, in the near future, conduct a thorough review of all the programs, old and new, provided by the Fund, and carefully study the projected resources we can expect from this source.

For the Medicaid program I am recommending \$466.1 million in State Aid, a sum which will provide, essentially, for a continuation of the present levels and quality of service to the same recipient population served in Fiscal Year 1983. We cannot, in these times, see any lessening in this program for those in need. Thus, we have here an increase of \$35.5 million over the current appropriation for Medicaid.

Similarly, for the Division of Public Welfare, I am recommending an increase of \$10 million, which will allow for a continuation budget for the Aid to Families with Dependent Children, General Assistance and Supplemental Security Income programs.

Additionally, the Department of Human Services will use improved management techniques to free department funds for a wide range of community-based initiatives for services to veterans and the mentally handicapped.

Through the use innovative management techniques and increased fiscal accountability, the Department has developed a budget allocating \$12 million to expand community programs for New Jersey's mentally ill, its elderly and its children.

An additional \$3.6 million has been designated to expand community services for the mentally handicapped. The money will be used to increase support services provided by local government and private non-profit agencies to enable families to keep their mentally retarded relatives at home and to further assist the mentally ill in the community. The Department also plans to stimulate alternative placements for psychiatric clients who are in state institutions but need nursing home care.

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In order to successfully implement a social service planning program at the county level, the Department will set aside \$2 million. This will allow underfunded counties to gain their fair share of money while at the same time ensuring that other counties are not forced to sacrifice funds needlessly.

The Department is also committed to a program that allows welfare clients to move off of public assistance. This is reflected by the \$1 million which will be used to provide training for welfare clients. Through a coordinated program at the state, county and municipal level we expect we can increase training and employment opportunities and break the cycle of welfare dependency for thousands of New Jersey families.

Another major effort that the Department is undertaking is to improve services for the state's 1.1 million veterans. The Department not only plans to accelerate the construction of a third veterans nursing home, but also plans to use about \$950,000 to expand services to veterans.

Beyond this, the Department will be required to increase its recoveries from fraud and to increase administrative savings from accelerated audits of patient accounts, from rate recalculations and from tightening screening of certain services.

To further this effort the Department has already launched a program that matches assistance accounts with existing bank accounts, to ensure that our scarce resources are going to those who need them.

## RESPONSIBILITIES

As you may have noted, a full 23 percent of the recommendation for state Aid to Education is taken up by obligations for the Teacher's Pension and Annuity Fund. Taken in total, New Jersey will spend \$933 million, or nearly 14 percent of our entire Fiscal Year 1984 budget to fund pension and employee benefit obligations. This is an increase of \$107 million, or 13 percent over the current year's appropriation.

This is a substantial portion of the budget, and is an area which continues to outstrip the growth of our resources every year.

I have no intention of abrogating the state's responsibility to provide the necessary funding to meet the obligations of the current pension and benefit programs. However, I must warn that we cannot continue to award increases and improvements in the pension and benefit system while continuing to fail utterly to provide a stable revenue source to meet these rising obligations.

To do so is simply to steal from other citizens of our state the benefits they rightfully expect from state government.

Accordingly, last year I ordered the creation of the Pension Systems Review Commission, and charged its members to "consider by what means, consistent with the secure provision of fair and adequate retirement and survivorship benefits to public employees and their beneficiaries, the cost of funding these benefits may best be managed."

The Commission's report to me and to the Legislature is due December 1. Armed with that report, and with elections behind us, we should then move quickly to study and resolve this thorny problem. There will be no better opportunity to address the question outside the timing of an election campaign, and thus assure the fairest possible hearing both for those who rely on these programs, and for the public who must provide the funding for them.

This will also be the proper time to address the equally difficult problem of state aid formulas. We cannot allow these formulas to continue on their present path, tied to mathematic equations that take no notice of the real world in which we must raise the money to finance them.

So long as aid formulas continue to grow without an adequate and stable source of revenue to fund them, the people who rely on these programs, whether they be for education, county colleges, Urban Aid or Safe and Clean Streets, will continue to be subjected to the annual uncertainty that has come to be associated with State Aid.

Failure to address this question would be a gross injustice to each and every resident of our state. We must have tax and spending reform. Without it, as we have in the past, we will continue to drift from budget crisis to budget crisis. We cannot spend what we are unwilling to raise. Like a family, we must live within our means.

Thus I would urge the Legislature to act swiftly on my request to create a commission to study and recommend revisions in our mandated expenses and our overall tax structure. If such a commission is created now, we will have the benefit of its deliberations to work with once the 1983 elections are behind us. Then, as in the case of pensions, we will have the opportunity to address the problem outside the hurly burly of the partisan political process.

In conclusion, I believe I have presented a budget that offers great challenges to the Legislative process as well as to the executives who administer the workings of state government. It is a budget that reflects the difficult economic situation of New Jersey and the nation - indeed, of the world.

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Times are hard and we must all make do with less. I believe this budget offers us all the opportunity to bring out the very best in the political process, and at the same time deliver efficient, competent and compassionate government to the people of New Jersey.

Respectfully submitted,

THOMAS H. KEAN  
Governor of New Jersey

Attest:

W. Cary Edwards  
Chief Counsel to the Governor  
Jan. 31, 1983