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Governor Christie Proposes 8th Consecutive Balanced Budget Without Raising Taxes

Tuesday, February 28, 2017

Tags: [Budget and Spending](#)

"This is the ninth time I've come before a joint session to address our state's budget. Each time I've had specific goals in mind; guiding principles to follow. Government should get smaller. Taxes shall not be increased. Our core commitments must be met. Each time, with varying degrees of struggle, harmony and acrimony, we have reached these goals – I have stuck to those principles. Let me assure you that today will be no different.

- Governor Chris Christie, New Jersey State Budget Address, February 28, 2017

The Fiscal Year 2018 budget will be the eighth and final state budget of Governor Chris Christie's tenure. When Governor Christie entered office in 2010, New Jersey was enduring an unprecedented fiscal crisis, with an immediate \$2.2 billion mid-year fiscal deficit, as well as an unthinkable large \$10.7 billion projected budget gap for Fiscal Year 2011 — more than a third of the prior year's budget. At that time, it was uncertain whether the State would be able to meet its payroll within two months.

The staggering \$13 billion two-year gap represented the culmination of years of reckless tax-and-spend policies and shortsighted budgeting practices that ignored economic realities. While state and national economies faltered, spending in Trenton under the previous administration continued unabated at unsustainable levels — increasing 58 percent from 2001 to 2008. The previous governor's Fiscal Year 2010 budget was propped up with temporary income tax hikes, corporate surtaxes, reliance on one-time federal stimulus funds, temporary employee furloughs and other desperate gimmicks.

Today, Governor Christie is presenting his eighth consecutive balanced budget built on a foundation of fiscal restraint and responsibility. The Fiscal Year 2018 budget will fund \$2 billion less in discretionary spending than was spent in Fiscal Year 2008.

The Governor's Proposed Fiscal Year 2018 Budget:

- Calls for **\$35.5 billion** in State appropriations, a 2.6 percent increase, largely due to non-discretionary costs.
- Contains **\$2 billion less in discretionary spending** than the Fiscal Year 2008 budget.
- Includes the largest pension payment in New Jersey history with a **\$2.5 billion** contribution to the State's defined benefit funds.
 - o This will bring total pension contributions by the Christie Administration to **\$8.8 billion**.
 - o That will be more than two and a half times the total contributions made by all governors combined during the 16-year period from Fiscal Year 1995 through Fiscal Year 2010.
- Renews the Governor's commitment to higher education in New Jersey. Overall, higher education funding is maintained at a total of **\$2.2 billion** in Fiscal Year 2018.
- Proposes a seventh-consecutive year of the highest amount of school aid supporting Pre-K through Grade 12 education in New Jersey history. The Fiscal Year 2018 budget proposes more than **\$13.8 billion** for education, an increase of **\$523.2 million**.
- Provides more than \$17 billion in direct and indirect property tax relief, nearly half the total budget, including \$13.8 billion in school aid and \$1.5 billion in municipal aid.
- Continues more than **\$1 billion** for direct property taxpayer relief programs:

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- o 423,300 seniors and citizens with disabilities will receive an average Homestead Benefit of \$511, while 169,500 other homeowners earning up to \$75,000 will receive an average Homestead Benefit of \$397.
- o 138,200 seniors and citizens with disabilities will continue receiving Property Tax Freeze benefits averaging \$1,401, while 25,100 new beneficiaries will receive their first year of benefits averaging \$219.

Investing In New Jersey's Transportation Infrastructure

Today, Governor Christie proposed a **\$400 million** supplemental appropriation in this Fiscal Year. These funds will be invested and spent quickly over the next 100 days to address bridge deficiencies and road conditions in all of New Jersey's 21 counties. Further, these funds will be used to expedite technology enhancements and other infrastructure improvements for New Jersey Transit and will allow the New Jersey Department of Transportation to deliver the largest construction program in state history. The results will be smoother roads, safer bridges and a more technologically sound mass transit system.

In October 2016, Governor Christie signed legislation that reauthorized the New Jersey Transportation Trust Fund Authority Act. As a result of that legislation, Governor Christie's fiscal 2018 budget provides a record **\$2 billion** State Transportation Capital Program. The Program includes over **\$1.3 billion** for State and local highway and bridge projects, and another **\$677 million** for mass transportation projects.

Ensuring Access To Care While Keeping Down Costs

The NJ FamilyCare program currently provides comprehensive health care coverage to more than 1.8 million New Jersey residents at a projected **\$4.2 billion** cost to the Fiscal Year 2018 budget. The program serves individuals eligible for both Medicaid and the Children's Health Insurance Program (CHIP), and represents a partnership between the State and the federal government. The NJ FamilyCare program, while having some of the highest income limits in the nation, has traditionally provided health coverage exclusively to low-income families, seniors and people with disabilities. On January 1, 2014, Governor Christie expanded the program, using 100 percent federal funding, to provide health coverage to low-income childless adults.

The proposed Fiscal Year 2018 budget represents the fourth full fiscal year of the NJ FamilyCare expansion, and while a fraction of the costs associated with this eligibility group have shifted to the State budget, the expansion continues to represent a tremendous value for New Jersey. Since the Governor's decision to expand NJ FamilyCare in 2014, an additional 487,000 uninsured New Jersey residents have gained coverage under this program. Not only did this expansion provide reliable medical coverage to many formerly uninsured residents, the infusion of federal dollars has generated meaningful savings to the State budget. Through Fiscal Year 2018, the shift of State costs to the federal government combined with the reduction in demand for Charity Care has resulted in a cumulative savings of **\$2 billion** to the State.

Commitment To World-Class Healthcare

With the goal of ensuring a stable and accessible hospital system that provides care of the highest possible quality, the Department of Health's budget makes significant investments in three hospital subsidy programs: Charity Care, Graduate Medical Education and Delivery System Reform Incentive Payments.

- **Charity Care.** Governor Christie's expansion of NJ FamilyCare has led to a dramatic increase in NJ FamilyCare enrollment, which continues to be funded almost entirely by the federal government. The associated decrease in uninsured residents has reduced by more than half the documented claims for uncompensated care submitted by New Jersey's hospitals. Since the expansion took effect on January 1, 2014, 487,000 low-income residents have gained health insurance through NJ FamilyCare, a 38-percent increase in program enrollment. This fundamental shift allows for a \$25 million reduction in State funding for Charity Care in Fiscal Year 2018. The Fiscal Year 2018 budget provides **\$252 million** in combined federal and State support to offset the costs hospital facilities incur in treating the uninsured.
- **Graduate Medical Education (GME).** The Fiscal Year 2018 budget increases support to New Jersey's teaching hospitals by **\$30 million**, with the total amount available through the Graduate Medical Education program now totaling **\$218 million**. This marks the third year in a row that funding for this critical program has been increased, with the total amount available now more than triple the funding provided when Governor Christie took office. This enhanced commitment to GME will help to ensure that New Jersey residents have continued access to an adequate number of well-trained doctors.
- **Delivery System Reform Incentive Payment (DSRIP).** Funded at **\$166.6 million**, the Delivery System Reform Incentive Payment (DSRIP) program was launched in Fiscal Year 2014 as a replacement for the Hospital Relief Subsidy Fund. The program continues to reward innovation and quality by distributing funds to hospitals based on measurable improvements in health outcomes.

Continued Emphasis On Community-Based Care And Services

Governor Christie is committed to fundamentally changing the way services and programs support individuals with developmental disabilities and their families, by moving away from a system that has historically focused on institutionalization to one that emphasizes home and community-based services and supports. To this end, resources have been refocused to provide people with intellectual and developmental disabilities with the ability to live as independently as possible with the proper supports.

The five-year Olmstead settlement agreement, signed February 2013, covered fiscal years 2013 to 2017 and required 600 placements over that time period. By the end of Fiscal Year 2018, the Department expects to have placed a total of 737 individuals, well exceeding the requirements of the Olmstead agreement due in large part to the acceleration of placements from the closure of North Jersey Developmental Center and Woodbridge Developmental Center in Fiscal Year 2015.

In addition to the Olmstead commitment to move individuals with developmental disabilities out of developmental centers, Governor Christie's determination to provide services in the community includes funds to develop additional

community placements and services that divert admissions to developmental centers. The Fiscal Year 2018 budget provides \$89.7 million of new State and federal funding to create community placements and services, including Olmstead placements.

As a result of reforms initiated under the Medicaid Comprehensive Waiver, adults with intellectual and developmental disabilities that are living independently or with family are becoming eligible for substantially increased in-home support services for which the State will receive a federal match. When the Supports Program is fully implemented, it is expected to generate **approximately \$100 million in matching funding** on previously State-only costs to create an estimated **\$200 million program**, which will allow for the further expansion of services.

Family Services

The Fiscal Year 2018 budget continues and enhances the Christie Administration's commitment to providing a wide array of services to children and families throughout New Jersey through Department of Children and Families (DCF) programs.

- **Child Protection and Permanency (CP&P).** The Fiscal Year 2018 budget includes a total of **\$986.6 million** in State and federal funds for the operations and services provided by this DCF Division that is responsible for investigating allegations of child abuse and neglect
- **Children's System of Care (CSOC).** This program helps more youth remain at home, in school and in their own communities, while still receiving the full scope of services they require, and provides coordinated care for more than 61,000 children and adolescents. The Fiscal Year 2018 budget includes a total of **\$592.5 million** in State and federal funds for the operations and services provided by this Division, **an increase of \$24.3 million** over the fiscal 2017 Appropriations Act.
- **Family Success Centers.** The Governor's proposed budget protects funding for these centers which are community-based organizations that provide a wide array of services ranging from day care, resume writing and parenting classes to domestic violence prevention and substance use disorder services. The number of Family Success Centers in New Jersey will increase to a total of 58 in Fiscal Year 2018.

Lead Safety

Through continuing and increased appropriations, Governor Christie's Fiscal Year 2018 budget continues to address lead concerns in New Jersey, ensuring the State remains a national leader on this issue. Governor Christie has added \$10 million in additional State funding to effectuate the update in lead regulations to make New Jersey's standards for identifying elevated blood-lead levels in children consistent with those of the federal Centers for Disease Control and Prevention.

The Department of Community Affairs will continue working through nonprofit organizations to remediate lead-based paint hazards affecting low- and moderate-income households in New Jersey.

The Fiscal Year 2017 budget provided \$10 million to reimburse school districts for costs related to lead testing between July 13, 2016, and July 13, 2017. School districts that tested their water during that time period can continue to seek reimbursement in Fiscal Year 2018 from unexpended Fiscal Year 2017 balances.

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