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## ICYMI: My Administration Made New Jersey Better—and It Wasn't Easy

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### My Administration Made New Jersey Better—and It Wasn't Easy

- Governor Chris Christie

#### My Administration Made New Jersey Better—and It Wasn't Easy

*We cut taxes, held down spending, reformed pensions—and vetoed Democrats' bad ideas.*

Governor Chris Christie

Wall Street Journal

When I became governor of New Jersey in 2010, I inherited a fiscal mess. Because the previous administration had balanced the budget with a series of one-shot revenue gimmicks, my team faced an 18-month projected deficit of \$13 billion. Property taxes had increased 70% in a decade. The top income tax rate was 10.75%, and a 4% corporate business tax surcharge sat atop New Jersey's already high business tax. We had a 9.8% unemployment rate, and the unemployment insurance trust fund was more than \$2 billion in debt.

That wasn't all. For 14 straight years, New Jersey's governors had starved the state pension system while granting ever larger pension benefits to public employees. For nearly a quarter-century the number of state employees—and their pay—had been well above the national average. When I arrived in Trenton, New Jersey was at a low point for private-sector employment, having shed 250,000 private-sector jobs in 2008-09 and netting zero new private-sector jobs from 2001-09.

How do you dig out of that kind of hole in one of the bluest states in America?

First, my administration enforced fiscal responsibility in its annual budgets. We balanced that \$13 billion deficit by cutting spending and eliminating more than 100 programs. We reduced the use of one-shot revenues from 13.2% of the budget in 2010 to 1.6% in 2017. We constrained discretionary spending over the last eight years so that in real dollars, New Jersey state government spends \$2 billion less today in discretionary spending than it did nine years ago. We reduced the number of state employees through attrition by more than 10,000 over my two terms.

Second, we introduced conservative tax policies to the highest-taxed state in America, according to the Tax Foundation. We passed 2% annual caps on property taxes (with three exceptions) and arbitration awards for police and fire salaries, saving homeowners \$2.9 billion in property taxes over seven years, cutting 30,000 employees at the local level and paring back salary increases by more \$500 million. Property taxes that were rising 7% per year when I took office, have risen only 2.1% per year since 2011. We cut business taxes by \$3 billion. We eliminated that corporate tax surcharge, cut the top income tax rate from 10.75% to 8.97% and paid the debt in the unemployment insurance fund. We cut the sales tax from 7% to 6.675%, increased the earned income tax credit from 25% to 35%, gave retirees a \$100,000 state tax exemption on retirement income, and completely eliminated the worst estate tax in America. We managed to pass all this with a Democratic legislature, while at the same time vetoing 11 proposed tax increases.

Third, we aggressively reformed an underfunded pension system. In 2011, we passed pension and benefit reform that eliminated cost-of-living adjustments and saved state and local governments \$120 billion over 30 years. We changed an irresponsible 8.25% assumed rate of return for the pension system to 7.65%. We also increased pension funding,

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contributing \$8.8 billion over eight years—more than double the amount contributed by the last five governors combined. We irrevocably contributed the state lottery as an asset to the pension system, reducing the unfunded liability by \$13.5 billion and guaranteeing \$37 billion in contributions over 30 years. We have not fixed the whole pension problem, but a combination of reforms, increased contributions and realistic rates of return has stopped the bleeding.

These steps, taken together, have produced real economic results. New Jersey's unemployment rate is down by more than half since 2012, from 9.8% to 4.7%. We restored the state's private sector to health, with 318,000 new jobs created since 2010. More Garden State residents are currently employed than at any other time in New Jersey's history.

My administration has made progress in other areas as well. We doubled the number of charter-school seats and passed tenure reforms allowing principals to fire ineffective teachers. Our criminal-justice reforms have reduced the prison population in New Jersey and enabled the closing of two state prisons. Finally, we stopped all kinds of bad ideas coming out of the Democratic legislature, vetoing a record 584 bills so far, without a single override.

Of course my administration couldn't fix all the problems we inherited, but there is no question that New Jersey is a lower-taxed, more fiscally responsible and more conservative state than it was eight years ago. Anyone who says otherwise encourages the type of absolutism that is currently causing the tumult in Washington and doesn't know the facts.

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