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State of the State Address 2008

GOVERNOR'S STATE OF THE STATE ADDRESS 2008 AS DELIVERED

Good afternoon everyone. It's terrific to be with you.

Reverend Clergy,

Your Eminence, Metropolitan Evangelos and Reverend Copas

thank you for joining us today.

Senate President Codey,

Speaker Roberts,

Majority Leader Sweeney,

Majority Leader Watson-Coleman

and Minority Leaders Kean and DeCroce. Where is Tom? There he is...congratulations.

Chief Justice Rabner, Members of the Supreme Court

Former Governors Byrne, Florio, DiFrancesco, Bennett, and, of course, Governor Codey...

Thank you all for joining us.

Members of the legislature and fellow citizens.

May I wish you, and all New Jerseyans a Happy New Year.

As you might imagine, being here for this year's State of the State is most certainly a blessing for me ... maybe not for you, but it is for me.

I hope that all New Jerseyans will accept my deep gratitude for their prayers and expressions of good faith and good will during a painful 2007.

And I really do hope this new year bring good health and happiness to our citizens and, may we all come together as partners to improve the quality of life for those we serve.

Congratulations to the newly elected members ... with your presence ... this legislature will far better represent the diversity of our most diverse State.

I must say, it is particularly exciting to see the presence of 13 new women members – a long overdue addition. I'm sure you'll argue with me as much as the guys do.

To my colleagues on both sides of the aisle, I look forward to an open and honest dialogue ... one that will lead to a better life for the people of New Jersey.

Let us set our expectations high ... our people deserve no less.

Lastly – let me thank the members of the just-concluded legislative session for your diligence and productivity.

I particularly want to recognize the group among those, the veterans who that served a long time the people of New Jersey...and they did it with integrity and care and I think we all owe them a round of applause.

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The work of the past session demonstrated that on issues ranging from the stubborn, to the intractable, to the longstanding, that when we put the common good first, we make progress...

Late last night, the 212th legislature, on a truly bipartisan basis, took on an issue ducked and debated for years and passed a historically, educationally sound and I certainly hope constitutionally appropriate school aid formula.

This new formula will improve all of our schools ...it will help unify our citizens ...and it will demonstrate to the public that government can work to provide for the common good.

On many other fronts – we took on the challenges our people face ... and we made progress together.

- * Providing property tax relief to over 1.8 million homeowners.
- * Capping property tax levies at 4%.
- * Establishing an independent state comptroller.
- * Creating the mechanisms to pursue shared services and consolidation.
- * Setting a national standard for limiting greenhouse gas emissions.
- * Expanding the earned income tax credit to 300,000 additional new New Jerseyans.
- * Placing more foster children into new homes than ever before.
- * Providing access to affordable health care for every child in New Jersey.
- * Ending dual office holding.
- * Bringing transparency to a flawed budget process.
- * And, abolishing the death penalty.

I could go on ...much was done – much is left to do.

But make no mistake – no matter how serious the challenges – no matter the angst, there is not a day that goes by that I don't smile with pride at being the Governor of the state New Jersey.

The naysayers are flat out wrong – our New Jersey is a special place – a great place for our families and our children.

Yes ... we appropriately speak to those things that need to change or know are wrong ... but New Jersey has much to celebrate.

Yes ... our citizens are challenged with heavy costs for everyday life, ...

but our people's earnings are among the highest on the globe.

Yes ... we worry about the state of our economy ...

But New Jersey has one of the highest employment rates in the nation and carries competitive edges in America's fastest growing and most vital industries – medical research, logistics, finance, high technology, and gaming.

Yes ... we need to make every school one of excellence ... but we do lead the nation in preschool enrollment, produce top scores for 4th graders, record the best high school graduation rate, and have among the best colleges and universities in the nation.

We know the world is becoming more competitive ... but New Jersey has the best educated citizenry in America with the most graduate-degreed citizens per capita.

My point, in fact ... the best part of our state is our people.

Yes ... we have our fair share of rock stars -- two members of the U.S. supreme court, the chairman of the Federal Reserve Board, a Nobel prize winner or two, Yogi Berra ... and the Boss and Bon Jovi...

But most New Jerseyans aren't famous or hold high positions of public profile.

Most are simply hardworking men and women who do extraordinary things on a daily basis.

For me, the biggest challenge of being a public servant is trying to live up to the standards our people set.

Consider ... just last month ... Paul Navone ... a retired factory worker who never earned more than \$11 an hour committed to donate 2 million dollars to New Jersey's higher education community. Paul would you stand up?

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Consider ... Brian Morgenstern, a responsible young Circuit City clerk who saw suspicious activity in a store on a video machine and alerted authorities to a possible terrorist attack. These guys really are heroes.

Consider ... the classy coach, Vivian Stringer, and the Rutgers Women's Basketball Team who stared down indignity with character and pride. I think Vivian is at practice now. It was a remarkable moment of pride.

Consider ... this coming June ... 3,200 proud members of the New Jersey National Guard will rotate into active service in Iraq ... following nearly 7,000 others in the past 5 years.

And you know what? ... I have yet to hear complaint one from any of them.

Keep in mind, tragically, 104 New Jerseyans have made the ultimate sacrifice for our nation in Iraq and Afghanistan.

Can there be a greater inspiration for any of us to pursue the common good than the examples and lives of our people?

Everyday, the citizenry of our State set the standard for hard work, financial responsibility and selflessness.

The responsibility of those of us in public life is to live up to those standards...not a political party, not party discipline, not political popularity.... We need to live up to the standards of the people who make up New Jersey.

Regrettably, far too often, the conduct of some and the collective actions of the whole have let our people down!

Too many office-holders have betrayed the public trust while too many financial decisions have been taken ignoring the consequences of those actions.

Today ... the public is frustrated ... they are angry about the standards of conduct of government ... and most of us know they're right ...

I sure do!

If anyone doubts the public's frustration ... honestly evaluate the results of this fall's election ... including the depressingly low participation rate.

The public is upset, and they don't much trust us with the public's purse strings.

I can't blame them ... the public literally has paid and continues to pay a high tariff for their government's repeated failure to act financially responsible.

It is up to those of us in this room to change the "credit card" culture of New Jersey's finances ...

In short, our fiscal practices, balance sheet, and most vitally, our culture must be restructured.

And unless we do – our options, our priorities, and our future will be continually constrained ... too often limiting the potential of our citizens by what we can't do because we can't afford the price.

You know – I actually dream of giving a "State of the State" or "budget" speech that has applause linesbecause we're really doing something... I really do.

There are many policy initiatives and priorities I'd love to work on.

It pains me, and I know it does Senator Vitale and others, that we are not delivering universal healthcare, providing sufficient equity dollars to our urban centers like Newark and Camden and across the state, or offering additional operating support to state run colleges and universities.

Unfortunately, the overarching priority – the number one issue facing our state – is fixing our financial foundation ... it is the primary threshold we must cross if we are to stop punishing our taxpayers.

We are in a hole, and if we want to get out, we have to stop digging.

Don't misread me, the operations of government won't stop ... they can't.

Restructuring doesn't mean we're not going to implement our anti-crime plan ...we must.

Restructuring doesn't mean we can't reduce the State's energy consumption or produce alternative supplies ... it's imperative.

Restructuring doesn't mean we're not going to enact "family leave insurance" ... we should.

It doesn't mean we can't produce more affordable housing or provide senior living in home settings ... we will.

And it doesn't mean that we don't finally ban pay-to-play and end wheeling at all levels of government ...now is the moment.

Yes ... these are important priorities, but these responsibilities are not remotely as pressing as resetting our State's financial foundation.

In fact, if we don't fiscally restructure ... we will soon lose the capacity to deliver the services we currently provide.

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And when we do restructure – it shouldn't be for the next 50 weeks ... it ought to be for the next 50 years.

I say all this because talking about our State's finances is like watching the movie "Ground Hog Day".

Each year in the first quarter, we revisit the budget-crisis soap opera ... over and over and over. I've gone back and reviewed all the speeches, not only in my administration but in others.

I'm tired of it ... you're sick of it ... and I know the public is fed up with it.

The only difference now is that the crisis has morphed into a financial emergency and poses a direct threat to New Jersey's quality of life.

For nearly 20 years both parties bonded, begged, and borrowed money from every pot we could find to fund a growing appetite for spending.

Some was necessary – some was less so.

Each time a fiscal apocalypse seemed likely, a budget was cobbled together that looked balanced, but was really bleeding red ink.

Taxes were raised, fees were increased.

Trust funds were raided, pension liabilities went unfunded.

Spending gimmicks were found.

And bonded indebtedness swelled to \$32 billion.

The ongoing deficits didn't disappear.

They were just stuffed into the closet.

The eventual cost for the taxpayer went higher and higher.

With \$32 billion in bonded debt, New Jersey's citizens have a higher debt burden than virtually all other States.

Every man, woman and child in New Jersey personally owes \$3,700 of that debt ... about three times higher than the national average.

The first \$860 our citizens pay in State taxes doesn't go to fund school aid or public safety, ... it goes for interest and debt payments.

Those numbers will grow dramatically in the years ahead if we accept the status quo.

Beyond the bonded debt, there's another \$25 billion in unfunded pension liabilities and an estimated \$60 billion in future health care costs for retirees.

By any standard, legal or economic ... these debts are our obligations to pay.

When you combine these unfunded liabilities, with the bonded debt ... it really gets scary ... a \$45,000 obligation per household. I see a number of our congressional friends here and I welcome you and thank you for being here. . . . Rush and all of the friends across the board.

If you look at the federal numbers it's only about \$30,000.

Funding this broadly defined debt is a \$5 billion bite out of today's budget ... or 15% of the total ... and it's growing.

To fully fund these obligations today, and we did it on the balance sheet today, would be an incredible \$10 billion ... crowding out new initiatives and seriously undermining our ability to provide the services now offered.

Unfortunately, our debt is only part of the problem.

Growth in state spending has regularly surpassed the expected growth in revenue.

For over a decade, base revenues have been increasing on average 2-3% a year, but spending has increased 6-7% – leaving us with a compounding deficit which today approaches 3 billion dollars.

Even when we've raised new revenues, it has rarely been used to close the gap.

From the decision to cut taxes while increasing spending ...to the decision to float the pension bonds in 1997 ...to the commitment in 2001 to increase pension benefits without paying for them ...through the tobacco securitization bonds followed by substantial borrowing for operating costs ...this financial emergency became inevitable.

Whatever reforms are required, we have to put an end to the financial culture that allowed the proliferation of spending, borrowing and mismanagement to take hold of our State finances.

For one, I am strictly interested in transformational change ... change that will create a different set of economic possibilities for our taxpayers.

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We must recognize we are at the end of the line on the ways of the past.

Today I am presenting a restructuring proposal to end the era of financial imbalance and fiscal mismanagement, once and for all.

I want to put aside the rhetoric and have an honest discussion about the ideas that will actually get our State's finances back on track.

I fully expect these reforms to be controversial ... that's fine ... because it means we are having the right discussion.

So let's get started – my plan has four elements.

First ... I will introduce a budget in February that **freezes** spending at this year's current level.

Second ... for future budgets, spending will not be allowed to exceed **recurring** revenue growth.

Third ... we will capture the value in our toll roads to pay down 50% of the State's debt and fund statewide transportation investments for a generation.

And finally ... all future debt issued without a dedicated revenue source must be approved by the voters.

These four elements address the financial ills that have enabled the imbedded credit card culture to flourish.

The benefits of the restructuring plan are powerful and straightforward:

- * It re-sets our base budget to match recurring revenues to ongoing spending
- * It prevents a return to over-spending
- * It pays down the debt by half
- * It eliminates the structural deficit
- * And, it creates the foundation for economic development, job growth, and honest government.

If we do this right, there will be no ability to backslide into bad habits.

We will ... so to speak... keep the manure out of the barn.

Let me turn to the individual elements.

First, I will freeze overall state spending for the next fiscal year.

This is fairly straight-forward. And tough.

As noted, government led by both parties and both branches have spent more than comes in.

Now, in order to "make-up" – or should I say "catch-up" – we need a "timeout" on new spending to even out available revenue with current spending.

I don't expect this to be easy or painless, it means finding \$2 – \$2.5 billion in cuts for the budget I'll propose in February.

Over the past two years, we have significantly reduced the gap between spending and recurring revenues and *that* hasn't been easy.

Besides adding revenue, we have started to get the growth of fixed costs under control.

Through our efforts in collective bargaining, we raised the retirement age

for new State employees from 55 to 60.

We increased the pension contributions by State employees.

We kept salary increases well inside the levy cap.

We instituted a defined contribution plan for elected officials and higher income employees.

And for the very first time, all state employees are contributing to their health care costs.

We shrunk the payroll through attrition by 2,000 positions and are maintaining a tough hiring freeze in most areas of government.

We reduced the use of one-shot revenues and ended the annual raid on the Unemployment Insurance Fund.

And together with the Legislature, we brought transparency to the budget process and sharply reduced "Christmas Tree" spending.

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Now, we must go the rest of the way and end any reliance on one time revenues, particularly unanticipated surpluses, to support ongoing spending.

These adjustments will be painful, but they will pave the way to long-term stability.

Now, as we tackle this task, this difficult, of resetting spending, I will ask our people in Treasury and the Departments to seek the formal advice of a bipartisan group of legislators from both houses on where additional cuts might occur. And that will be done before we present a budget.

To reach the restructuring objective, we will all have to work together.

The second element of my plan addresses the means to sustain the hard earned stability.

In addition to the 1st year freeze, I will propose legislation that will prohibit incremental spending levels from exceeding certified recurring revenues.

The rate of expected revenue *growth*... will ... put a limit on spending *growth*.

This simple initiative will effectively end spending one shots and with it, end the culture of living beyond our means that it has nourished.

So, from this point forward, any non-recurring revenues or built-up surplus, will be exclusively used to pay down debt ... make capital investments ... or pay off unfunded health care or retirement liabilities.

No more use of one time revenues to fund ongoing operations.

From now on, recurring revenues, not just total revenues, must match recurring expenses.

Third, we will capture the value of our toll roads to pay down at least 50% of State debt and fund transportation improvements.

I know everyone wants to hear about this initiative and the toll schedule ... but let me first talk about the final element of the plan and then return to this piece more extensively. Super secret.

The fourth element of my plan is to give voters the final say on new debt, just like the Constitution intended.

The public must be put back in charge of the State's credit card.

Borrowing must be done sparingly ... and only for prudent long term needs ... needs that can be justified and stand up to public scrutiny.

Unfortunately, the ability to borrow is a privilege that's been abused to the point that the public has pretty much told us ... they no longer trust our judgment.

The defeat of an issue as popular as stem cell research, along with the narrow approval of open space, should have been a wake-up call for all of us. It was for me.

Make no mistake, medical research and open space were not the problem ... lack of confidence in financial management of the state was.

We can all agree ... it should never have gotten to this point.

For nearly 200 years, our State Constitutions have explicitly barred borrowing without voter approval.

Somewhere along the line, the meaning of that requirement got totally lost.

The State, under both Democratic and Republican leadership, has made an end run around the voter approval requirement by issuing billions in contract debt without that approval.

Since 1990, approximately \$24 billion in contract debt has been issued, while "voter approved" debt has stayed flat at \$3 billion – a timeframe that coincides precisely with the sharp deterioration in our State's finances.

To return to constitutional intent, I am proposing an amendment that ends this easy access to borrowing.

As Senators Lance and Lesniak have advocated, the public should authorize all borrowing that does not have a dedicated source of revenue.

Let me give emphasis in review ... limiting spending to revenue growth and voter-approved borrowing are truly 50-year, not 50-week reforms.

Now, let me return to the "super-secret" asset monetization plan.

I know full well this is the "tough love" part of the restructuring...and my recommendation doesn't come lightly.

It is simply the best available option.

I have two objectives with the toll road element of the plan.

First, cut the state's overall bonded debt in half.

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This means, we pay back in short order \$16 billion or more in debt and reduce the annual debt payments by about one billion dollars.

In one fell swoop, we wipe out one-third of the structural deficit.

The resulting benefit for our taxpayers and budget balance are self-evident.

The second objective of the plan is to provide a long term funding source for statewide transportation needs across New Jersey's broad, multi-modal transportation network.

As you know, we have massive transportation demands, but no money after 2011 to meet them.

We are a densely populated corridor state that is absolutely dependent on our transportation network for our quality of life and our economic well-being.

In the next 10 years, we have over 10,000 miles of highways that need to be resurfaced so that, in turn, we can save drivers hundreds of millions in vehicle repairs, reduce time lost in congestion, and make the roadways safe.

We have 700 bridges, deficient bridges that need repairs and we shouldn't wait for a tragedy to motivate us to fix them.

We need to expand mass transit so as to get cars off the roads and carbon out of the air ... be it light rail into Gloucester County, or the Northern branch through Bergen County. I guess we got a few Bergen County people here.

We should widen the Atlantic City Expressway to support the expected \$15 billion of new investments and thousands of private jobs in tourism and gaming coming in the next decade.

The public has been promised a widening of both the Turnpike and the Parkway... but there's no money to pay for it.

And the state needs by this summer... again I reference you to our congressional delegation ... a 'source certain' of \$3 billion to move forward with the monumental Hudson Tunnel, or we risk losing matching federal dollars that make the \$7 billion-plus investment possible.

The same match issue is true for the nearly \$2 billion in annual transportation funding we get from Washington.

All in all, we need close to \$40 billion over the next 10 years to fix and expand our bridges, roads, and mass transit systems.

The truth is, we have few practical ideas of where the money will be found.

As a thirty year veteran of financial markets, I know there is no magic to finance.

No plan, no investment comes without cash.

I want to be clear and honest upfront – my plan involves significant toll hikes.

Those toll hikes will be predictable, fair and reflect increases in the cost of living... past, present and into the future.

Toll increases will be imposed equally on all users – a majority of whom are commercial and out-of-state drivers.

The toll increases will reflect a maximum schedule... one that could be reduced by productivity gains, strategic investments, and partnerships – (and Raymond, maybe even windmills.)

The first increase will come in 2010 and will be 50%.

Three other increases of up to 50% will come in successive four-year intervals ending in 2022.

In addition, there will be annual cost-of-living adjustments.

We need to put this toll schedule into some historical perspective.

Toll rates have never kept pace with inflation or the obvious capital needs of the roadways.

Parkway tolls haven't been increased since 1989.

The first and only time the tolls went up on the Parkway, a gallon of gas was \$1.13, a movie ticket was \$4, and almost no one had cell phones or email.

The world changes, traffic grows, populations shift.

I know the public is going to hear a lot of crazy numbers about what it will cost to drive on the Turnpike in 50, 75, or a thousand years.

Here's what really matters ... the cost of an average trip on the Turnpike ... which is 3 exits.

Under the proposal, in five years that trip will be \$2.05.

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In 10 years, it will be \$5.80.

By comparison, the average trip today is \$1.21.

Before critics rush to judgment, this toll schedule needs to be contrasted with equally robust alternatives of tax increases or budget cuts that would produce the same results.

What we do know with certainty is that to fix only the toll-road bridges and only widen the Turnpike will take at least a 45 percent increase in tolls – or \$1.75 for an average Turnpike trip.

By comparison, we know that to accomplish even this limited objective would take at least a 12-cent hike in the gas tax.

Both of these options fail to achieve our broader goals of paying down half of State debt, funding the TTF for 75 years, and providing for necessary capital investments on the Turnpike, the Parkway, and the Atlantic City Expressway.

To accomplish these broader goals would require a 20% across the board increase in income taxes. I am not recommending that.

That 20% increase would be permanent and apply to every taxpayer – not just millionaires.

If people think that is too burdensome, we could instead levy a 30% increase in the sales tax...

And if you don't like the first two options, we could propose an increase in the gas tax of about 45 to 50 cents.

I think it's clear... if we were to pursue any of these tax alternatives ... we would "lead the league" in the chosen category.

If we were to achieve our robust objectives through spending cuts, it would take an annual recurring \$2.5 billion cut, in addition to the cuts we're proposing for this year's budget.

That's \$5 billion, folks, or 15 percent of the budget. Of course, there are many combinations of these revenue raisers and cuts we could consider.

That said, I believe all of these options are bad for our economy ...would drive our tax burden drastically higher ...or impossibly damage the ability of the government to fund schools, provide property tax relief, or public safety and welfare.

Do the numbers ...I have.

Please ... let's not insult each other or the public with empty rhetoric about that we can pay down the debt and fund transportation improvements if we "just cut more spending and get rid of all waste, fraud and abuse."

We will cut spending.

We will direct trust fund monies to their proper place ...

we will challenge fraud and raise accountability standards ...

and we will end spending gimmicks...

But pigs will fly over the Statehouse before there's a realistic level of new taxes or spending cuts that can fix this mess.

With that in mind, there are real issues at stake.

The Transportation Trust Fund runs out of money in three years and there's little, to no room to do anymore borrowing.

The widenings on the Parkway and Turnpike have been promised.

The bridges throughout the State have to be repaired.

The Hudson tunnel is critical.

The structural deficit must be closed.

So ... if you all refuse to accept the toll road schedule, I ask you to present an alternative.

Now – I fully appreciate the challenge of getting one's mind around these various options. And I don't expect you to walk out and say "I'll sign up."

That's why there will be 21 town hall meetings, in 21 counties.

That's why we will have an open, honest, public dialogue with all of you over the next two months.

So how does the toll road plan work? Who is accountable?

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Let me first say... This plan is unique. We went to school on the experiences of other states and we have improved what we saw wrong with their proposals.

Here are the basics:

The roadways that will be affected are the Turnpike, the Parkway, the Atlantic City Expressway and a small piece of Route 440.

Flat out ... the roadways will not be sold, leased or anything else to a for-profit or foreign operator...Flat out.

They will continue to be owned by the State of New Jersey.

A New Jersey non-profit, public benefit corporation will be formed for the purpose of managing, not owning, the day-to-day operations of the roads.

We call this a "public benefit corporation," or PBC, because all of the benefits the new corporation earns are expressly dedicated for the public use.

The new PBC will have its own independent, non-political Board of Directors.

The PBC and the State will create a concession agreement that dictates all of the conditions of its operations and obligations.

This is the governance plan.

-- The terms and conditions for current employee contracts will remain unchanged, prevailing wage and competitive contracting procedures will be retained.

-- The agreement will include a specific listing of all the capital projects that must be met and establish triggers that will result in additional projects being developed.

-- The operating standards for the roads will be specified in the agreement and monitored by the State Department of Transportation.

All safety, maintenance, roadway standards, will be delivered at current or improved levels.

This means that snow removal, pothole repair, emergency assistance, garbage clean up --the same high standards we know today.

-- The State Police will continue to patrol the roadways and environmental rules will still apply.

-- There will be significant financial penalties if any of the agreed upon standards are not met.

-- With respect to the financial aspects of the plan ... the initial payment of monies raised will be contractually dedicated to State debt reduction and to transportation improvements.

-- Any future payments above and beyond operating costs and capital needs of the roadway will be reinvested in transportation improvements across the state.

This is really the point that is different about our model.

Under this plan, any future financial benefits from the roadways stay exclusively in New Jersey to be used for the benefit of the citizens and motorists of New Jersey.

It is our estimate that the PBC will be able to raise between \$32-\$38 billion, based on our concession agreement, toll schedule, traffic projections and current debt market conditions.

The use of proceeds from the amount raised by the PBC are:

-- \$10 billion to eliminate existing debt on the toll roads and to create the appropriate bond reserves.

-- \$4 billion in a capital reserve for toll road improvements and widenings.

-- And ... an upfront payment in the range of \$18-24 billion to reduce state debt and fund transportation improvements.

Just like the Turnpike and the Parkway do today ... the PBC will borrow funds based on the identified and dedicated revenues of tolls... just as is commonly practiced for toll roads and ports all across the globe.

Let me be clear... PBC borrowing isn't state borrowing.

There is no general obligation ... there's no moral obligation on the part of the State of New Jersey for the debt of the PBC.

The bonds issued are not State debt – in any way, shape, or form.

So that's the restructuring plan.

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It's a plan to restore the financial health of our great state while meeting vital transportation needs.

It is a plan to restore the public's confidence in government's ability to manage its finances.

And it's a plan to meet our collective responsibilities.

It works financially by providing the resources for our State to restructure our fiscal foundation while placing real limits on borrowing and spending in the future.

The combination of the four elements will transform New Jersey's finances from a basket case to a solid foundation for facing our future.

Above all, it changes the rules of the game.

The rules have to change ... considering the damage the status quo has brought.

The culture that created one of the nation's highest debt burdens must end.

The fiscal practices of the past have exacted a high price on our "taxpayers wallet" and in their trust of government.

When the first \$1,000 in taxes our citizens pay goes to debt and principal instead of teachers and doctors, something is very wrong.

We are making fewer investments in our future each passing year and it is a direct result of growing debt crowding out our capacity to meet citizens' needs.

The crowding out is already painful ... just look at the condition of our mental health institutions, our hospitals, the circumstances of those who look to the hope of stem cell research, or our basic infrastructure.

We can't allow what gets crowded out -- to be the only choices we make.

This isn't just a rhetorical game of chicken or gotcha.

There is a truck barreling down the road.

If you don't fix it on my watch, you'll fix it on someone elses.

It should have been stopped long ago that truck ... but instead ...it's just picking up speed.

This June, our national guardsmen won't be debating why America is in Iraq when they stand up for duty ... they won't push the responsibility onto somebody else.

They will serve ... and they will serve with pride.

We too should serve with pride ...We owe our guardsmen and every citizen, no less.

Let's live up to the good sense and high standards of our people as a motivation to do the right thing.

This is a problem for all of us to face.

Fixing the fiscal foundation is all of our responsibilities ...

Republicans and Democrats ... the Legislature and the Governor ... working together for the common good.

It is my expectation that over the next two months we can review and debate the details, but we must come to judgment by the middle of March so that we can go forward responsibly in the new fiscal year.

This is a comprehensive, sober proposal.

Controversial ... most certainly ... but it goes to the heart of our State's fundamental challenge.

One plan ... Four elements.

One ... freeze spending now.

Two ... limit future spending to revenue growth.

Three ... capture the enterprise value of our tollways to pay down debt and make capital investments.

Four ... limit borrowing by requiring voter authorization.

If there is a better plan – I am open to its consideration – put it on the table.

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I have said, this proposal isn't a political platform.

It's not something I want to do -- it's something we have to do.

This proposal is a solution ... a solution to restore the State's financial integrity, health, and capacity.

That's why I am interested in ... a real solution that delivers what it promises.

I think that's why the voters elected me.

I know that's why I sought the opportunity.

Let's return the State-of-our-State to a position where our finances and governance

match the extraordinary quality of our people.

God bless New Jersey.

God bless our nation.

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