
THIS WEEK IN TRENTON



PUBLIC STRATEGIES IMPACT
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Christie Proposes Mid-Year Budget Cuts

Governor Chris Christie today announced \$2.203 billion in budget savings designed to balance the current-year budget. The Governor announced his plan during a special Joint Session of the Legislature, where he advised the members that he had signed an Executive Order before the speech and declared a "state of fiscal emergency" in recognition of the state's looming deficit for the balance of Fiscal 2010. The Executive Order includes the authority of the Director of the Division of Budget and Accounting to reserve or freeze funds at the Governor's direction.

The budget savings were derived from four general areas: targeting savings or areas of overfunding in programs and departments, targeting waste and ineffective programs, identifying areas for long-term reform and making specific program cuts, including the use of unspent balances or withholding of aid. In all, 375 line items of cuts, efficiencies and program eliminations are found in the Governor's plan.

Among some of the largest impacts from the budget proposal:

- * Withholding \$475 million in local school aid for the balance of the fiscal year, with the amount of individual aid reductions tied to surpluses in the school districts.
- * A \$62.1 million reduction in aid to county and senior public colleges and universities, also tied to existing surpluses.
- * A \$12.6 million reduction in hospital Charity Care, representing a 4.2 percent reduction.
- * Capture of \$158 million in unexpended balances from the Board of Public Utilities-administered Clean Energy Fund.
- * Capture of \$13.8 million in surplus balance from the Homestead Rebate program.
- * Take a balance of \$15.9 million in unused grant money remaining due to reduced service requirements in the Division of Youth and Family Services.

Delayed programs and capital projects total more than \$115 million. There was no reduction in municipal aid.

Funding for the Office of the Public Advocate is being discontinued, and its present balance of approximately \$600,000 will be used to help close the budget gap. Necessary functions of the Public Advocate will be consolidated into other parts of state government.

According to the Administration the state will have to resolve a more than \$11 billion gap in the Fiscal Year 2011 budget. Governor Christie is scheduled to propose his 2011 budget to a joint session of the Legislature on March 16.

Christie Signs Executive Order Creating Housing Opportunity Task Force

Governor Chris Christie signed Executive Order 12 creating the Housing Opportunity Task Force, which will initiate an immediate review of the Commission on Affordable Housing and its continued existence.

The mission of the group will be to examine the regulations and methodologies of COAH, the Fair Housing Act (FHA) and the State Planning Act in meeting the constitutional obligations of the Mt. Laurel court decisions in a manner that is consistent with sound planning and economic growth for the state.

The Task Force will be chaired by former Senator Marcia Karrow and will be comprised of five members. The task force will serve without compensation, and will be dissolved after issuing its final report in 90 days. During that time, COAH is to refrain from taking any further action to process applications for substantive certification or to take any other actions to implement the Third Round regulations.

The Task Force is charged with:

- * identifying the best means for determining whether a municipality should have any further affordable housing obligation;
- * examining the regions that have been used by COAH for more than 20 years and whether they are still appropriate;
- * reviewing the means of incorporating workforce housing into the concept of affordable housing;
- * evaluating the diverse State projections for housing and employment growth to determine the obligation for a variety and choice of housing;
- * determining mechanisms that could or should be used to support the rehabilitation of deteriorating housing in the urban centers;
- * finding economies, efficiencies and savings to meet affordable housing needs;
- * determining the appropriateness of methodologies that continue to include prior round need

Legislative Calendar

This week Senate Group 3 and 4 Committees and Assembly Group A and B Committees met on February 8. The Senate Judiciary Committee held its first hearing on Governor Christie's cabinet nominees and released the nominations of Paula Dow to serve as Attorney General and Glenn Rieth to continue to serve as Adjutant General of the Department of Military and Veterans' Affairs. Next week, Senate Group 1 and 2 Committees and Assembly Group C and D Committees will meet on February 18. The Senate Judiciary Committee will consider the nomination of Andrew Sidamon-Eristoff to serve as State Treasurer.