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# THIS WEEK IN TRENTON

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**PUBLIC STRATEGIES IMPACT**  
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**March 16, 2010**

## **Christie Proposes \$28.3 billion Budget**

Governor Christie proposed a \$28.3 billion budget to a joint session of the Legislature this afternoon. Christie said that projected expenditures, if current law is followed and no changes are made, would be \$38.4 billion and revenue is projected to be \$28.3 billion leaving a gap of over \$10 billion. In order to close that gap, the Governor's proposed budget cuts school aid by \$820 million, municipal aid by \$445 million and aid to public colleges by \$175 million. \$2.9 billion of the gap was closed by reforming state programs. Every department of state government will experience a funding reduction, from a high of 39% in the Department of Treasury to a low of 2% in the Departments of Environmental Protection and Military and Veteran's Affairs. The state will not make a \$3 billion payment to the state pension system. The proposed budget eliminates property tax rebate checks. Beginning in May of 2011 eligible taxpayers will receive a direct credit on their property tax bill. \$50 million is expected in savings from privatization efforts. The proposed budget anticipates the elimination of the Department of the Public Advocate.

Christie also proposed a "tool kit" of mandate relief and regulatory flexibility designed to help municipalities, school districts and institutions of higher education meet the challenges they will face as a result of the proposed budget cuts. The "tool kit" includes: a constitutional cap on property tax increases of 2.5%, collective bargaining reform, pension and benefits reform, civil service reform, including permitting local governments to opt out of the civil service system, and management reform. He also proposes a constitutional cap of 2.5% on increases in spending for direct State services.

The Governor pointed to several actions proposed to protect the health-related safety net. He proposes lifting the cap on collections of the 0.53% assessment on hospital revenues as well as the \$200,000 cap on the ambulatory care assessment to generate an additional \$45 million which will be matched with federal funds and redistributed to hospitals. According to the Governor, hospitals will collectively receive \$11 million in additional funding in FY 2011, even after the increased assessment is taken into account. The budget proposal continues to fund enrollment of all eligible children, up to 350% on the federal poverty level, in Medicaid and New Jersey FamilyCare. PAAD eligibility is preserved for eligible senior citizens, although co-pays on brand name drugs will be increased. Funding for New Jersey's food banks has been preserved and eligibility for food stamps has been increased to 185% of the poverty level.

Republican legislative leaders were supportive of the Governor while Democratic leaders criticized the proposal as increasing property taxes and cutting programs for the middle class and working poor. The budget must be passed by the Legislature and signed into law by July 1, 2010.

A copy of the Budget in Brief can be found on the Governor's website at [www.state.nj.us/governor](http://www.state.nj.us/governor).

### **Bodman Provides Budget Commentary**

PSI Senior Partner Roger Bodman provided commentary on Governor Christie's budget proposal on NJN this afternoon. Bodman will also appear on NJN's evening news program commenting on the budget at 5:50 this evening.

### **Senate Judiciary Committee Releases Nominations**

The Senate Judiciary Committee released the nominations of Dr. Poonam Alaigh to serve as Commissioner of the Department of Health and Senior Services, Thomas Considine to serve as Commissioner of the Department of Banking and Insurance and Bob Martin to serve as Commissioner of the Department of Environmental Protection