

# ***State of New Jersey***



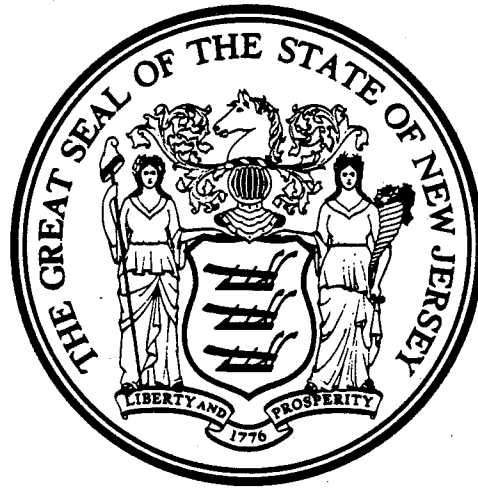
## ***BUDGET***

***Fiscal Year 1991-1992***

***Jim Florio, Governor***

# **STATE OF NEW JERSEY**

# **BUDGET**



**FISCAL YEAR 1991 – 1992**

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FISCAL YEAR 1992 BUDGET  
OF  
JIM FLORIO  
GOVERNOR OF NEW JERSEY  
TRANSMITTED TO THE SECOND ANNUAL SESSION  
OF THE TWO HUNDREDTH AND FOURTH LEGISLATURE

*Senate President Lynch, Speaker Doria, Members of the Legislature, Fellow New Jerseyans:*

**INTRODUCTION**

Ladies and gentlemen, three weeks ago I came before you for the State of the State Address. Since then our nation has gone to war.

I know I share with you the desire for that conflict to be ended successfully, and as swiftly as possible. The courage of our young men and women in the Middle East is an inspiration for all of us. Our prayers are with them. May they remain strong in the face of outrageous brutality.

We especially pray for Navy Lts. Jeffrey Zaun of Cherry Hill and Robert Wetzel of Metuchen and especially for their families.

The task of fashioning the next Budget for the State of New Jersey, of course pales in comparison to the task of those brave people overseas.

But life goes on. It must go on. It is part of what we must do to keep New Jersey financially secure and economically strong. Let's do our job so that when the thousands of fighting men and women of New Jersey come home they'll find a strong State, filled with opportunity.

We ought to start by looking realistically at our economic situation. True, times are tougher. They're tough all across this nation. But, we can't let pessimism cloud our vision.

New Jersey is doing better than other states in the region. Our economy is diversified. Our potential for growth is tremendous. The unemployment rate here continues to be lower than the national average. And our credit rating on Wall Street is number one in the nation. New Jersey works.

Proof is that last year, a record number of firms crossed the Hudson River and set up shop in New Jersey. Moving to New Jersey continues to be a very good idea. Just look at the success of our New Jersey Giants.

As we look clear-eyed at the economy, we must take a thorough look at our State Budget. With this Budget we'll continue to keep New Jersey secure. It reflects what we've been hearing as we listen to people all around this State.

I said in my State of the State Address that this year was going to be about delivering on our promises. Well, this Budget is all about keeping promises.

The promise to our homeowners to fully fund the largest Property Tax Relief Program in our State's history.

The promise to our taxpayers to get rid of waste and to reduce the size of State government.

The promise to our children to make wise investments in our future, like quality education.

There's another promise: That after last year we wouldn't raise taxes again, no matter what the national economy did. This proposal keeps that promise too.

These are the things that New Jerseyans have said they want. We heard them and we're acting.

In keeping our promises, this Budget marks a fundamental change from the patterns of the past. Direct aid to people is up. Money spent on State operations is down.

The numbers tell the story: In this proposed Budget, 64 cents out of every dollar goes back to the people of New Jersey for help on things like property tax relief and school aid. Two years ago, it was only 58 cents.

This Budget spends only 31 cents of every dollar on State operations compared to 36 cents two years ago.

# GOVERNOR'S MESSAGE

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That's quite a change in only two years. A change for the better.

It's a change that results from the choices we made last year. And choices that we'll continue to make this year.

No doubt some of what I'm proposing will be controversial. There will be debate. Whether it's in the Legislature in Trenton, or across kitchen tables all over New Jersey. We'll talk and more importantly we'll listen.

There likely will be changes, but I'm confident that in the months to come, as I speak to people and listen to what they have to say, as my Cabinet members listen, and as all of us go out and listen, we'll adopt a final Budget that reflects the desires and the needs of all New Jerseyans.

The most important thing I can say about this Budget is that we're keeping the promise of property tax relief. This is the property tax relief Budget. That's what we fought for last year.

The simple fact is we're providing the most property tax relief in our State's history. It's about time. People have waited for it too long. They need it too much. It's a promise we will keep.

If anyone says the Budget is bigger, it's because we're keeping our commitment to help homeowners. This budget contains twice what we used to spend on Homestead Rebates. We're making sure that the most relief goes to people who need it most. Middle-class families who pay more than 5 percent of their income in property taxes.

One million homeowners will get more in rebates than they got through the old system of rebates and income tax deductions. And for the first time, tenants can get as much as homeowners.

While I've got you here again, let me repeat my call for Legislation to put those rebates in people's hands by July 31st.

With this Budget we're also moving forward to have the State pay for local and county social service costs, now paid by local homeowners' property taxes. That's more than \$250 million all over the State of New Jersey. More property tax relief.

There's also hundreds of millions more in financial help in the form of increased school aid that otherwise would have come out of property taxes.

This is also the year our new Cap Law goes into effect. Putting a lid on local & county spending.

People in New Jersey tell us they want property tax relief. We heard them and we're acting.

This Budget also keeps our promise to make government smaller. The money we spend in Trenton on overhead, everything from paper clips to salaries, is going down by \$130 million dollars.

It's going down because we're cutting waste and duplication. We all know it's there. People have challenged us to get rid of it. We heard them, and we're acting.

We began making government smaller by asking important questions that for too long haven't been asked. All my Cabinet members questioned how their Departments were spending money. They didn't accept as an answer, "That's always how it's been done." Instead, they looked for ways to save money.

I want to thank the men and women of my Cabinet for meeting the challenge to make government smaller.

I also want to thank the volunteer professionals from the State's major corporations and the "Big Six" accounting firms who make up our State audit team.

And recognize the distinguished New Jerseyans who directed the Governor's Management Review Commission. They're here today. Stan Van Ness, Chairman of the Commission, Governor Bill Cahill, Jim Ferland, Howard Williams, Martin Brody, Dr. Gloria Santiago, and John Petillo.

The audit has already identified \$265 million in savings. Money in the bank as far as this Budget is concerned.

Let's ask them to stand. Let's give them a round of applause for their hard work.

They've also located numerous additional opportunities for savings we'll make in future budgets. The audit's work adds up to smaller, and better, government.

As I announced in the State of the State Message, we're expanding the audit to cover the eight remaining departments not covered. We will relentlessly continue our waste reduction efforts, such as the successful one that allowed us to trim the State car fleet by 1,200 cars.

There is waste and we're finding it. But if you want to make government really lean, you have to make decisions that involve more than state cars and telephone credit cards. Government is just too big. It's time that we cut it down to size. And we will.

First, I propose reducing the number of departments in the State government from 19 to 16. And combining dozens of divisions and agencies. If two agencies do the same thing, let's get rid of one. Tomorrow we'll unveil all the reorganization proposals in detail.

But today, I'd like to give you just an idea of what this kind of reorganization can accomplish.

One proposal: We'll combine the Treasury and Personnel Departments. These two departments employ 6,500 people. And they do many of the same things. By combining them we'll reduce paperwork and save time and money. We'll also be able to eliminate upper and middle management positions.

Another proposal is to relocate the operations of Medicaid from the Department of Human Services to the Department of Health. Medicaid provides health care to the poor. It's big — over \$1.2 billion — That's almost ten percent of our State Budget. And, it keeps on growing. It's a major force behind the rising cost of health care.

Both Human Services and Health have programs that supervise Medicaid. We've counted at least five areas of duplication. By putting all the work in the Health Department we can eliminate this waste and save money. And we'll probably do a better job of controlling Medicaid costs.

These kinds of examples aren't very exciting. But they're the nuts and bolts of making government work better. And smarter. And smaller.

But again, these are proposals. We want to hear what other people think and make sure that we're doing the right thing.

But, whatever the final details end up being, I want it to be the biggest down-sizing of New Jersey State Government in 40 years.

Along the same lines of using our tax dollars better, someone told me the other day about what they heard on a radio talk show.

A caller wanted to know how come the State has to worry about money when New Jersey has, in the turnpike, the most successful road since the Appian Way.

Good question.

Well, we've been asking it too.

So, I've proposed that the turnpike and perhaps the other independent transportation authorities start assuming more of the costs of maintaining our roads. We'll harness the resources and abilities of our independent transportation authorities and make them work for the taxpayers.

And while we're talking about transportation, let me point out that this Budget proposes no fare increases for the people of New Jersey who ride the trains and buses of New Jersey Transit. I'm very proud of that.

A hard fact is, that making government smaller has to affect people who draw a State paycheck. If we follow this Budget proposal we will have fewer State employees next year than we have today.

I don't say that with any sense of joy. No one would.

We should try to do everything we can to cut government, not people. I intend to work with employee representatives to cushion the impact as best we can. So we'll do as many of these reductions as possible through early retirement programs and by not replacing workers who leave.

But, realistically there will have to be some layoffs because we simply need a smaller government. Some of those will be upper-level managers. Every position will be scrutinized. No one will be exempt from our long overdue look at the bottom line.

We have to strike a balance between the real concerns of State workers and the commitment we have to the taxpayers of New Jersey.

I've already announced that my Cabinet and I won't accept any pay raise this year. If there are going to be sacrifices, then government should do its part, too.

New Jerseyans have made it clear that when it comes to government, "Smaller is better."

It's time for us to say to the people of this State, "You're right. We hear you and we're acting."

## GOVERNOR'S MESSAGE

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And we know that our actions have to be real. They can't be cosmetic. Because smoke and mirrors only come back to haunt those who use them. That's the lesson we learned as we left the '80s behind.

People don't want tricks. Gimmicks won't protect our future and preserve our Triple-A credit rating.

Ladies and Gentlemen, I've tried today to give you and the people of New Jersey a look at what's behind the Budget numbers. Because we know that people want facts so they can make up their own minds. They want to be part of the debate.

That's why in the tax forms that went out this month there was information on where the State gets its money, and how it's spent. If you haven't seen it, please go back and take a look.

It's all here in black and white. And we'll keep putting things in writing. As soon as the official Budget is approved, we'll put out a concise "People's Budget." Something to which everyone can refer for the entire year.

If you want one, write to us. You can also write to us with your questions or suggestions. There's a card for that in your tax packet. Please use it.

I believe this Budget is right for the times. It reflects a lot of listening. And there's more listening to come.

1991 does not look like it's going to be a routine year. The country is at war. The country is in a recession. And New Jersey can't help but be affected by these developments.

It's a volatile situation, other states have worse problems than ours.

This Budget proposal is based on the best current information we have available. And of course, it could change. But we're the strongest State in the region, and we will prevail.

I come here today because it's my job to propose a Budget.

I don't come here with a monopoly on ideas. I know there are things in this proposal that different people and groups might want to change. Let's talk about it.

I'm anxious and ready to listen.

Let's all work together. Now is the time for honest debate, good faith action, and, most importantly, unity, as we face the future with optimism.

With a strong sense of purpose we will keep New Jersey a State of opportunity. The people of New Jersey deserve no less.

Respectfully submitted,

JIM FLORIO

*Governor of New Jersey*

Attest:

JOSEPH SALEMA  
Chief of Staff

January 29, 1991

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