

ASSEMBLY REPUBLICANS OFFER SPENDING CUTS AND PLAN TO LOWER PROPERTY TAXES

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Synopsis: As part of the Democrat leadership's budget "transparency" effort, legislators had been asked to submit "budget resolutions" by June 6 that would propose changes or additions to the FY 2008 budget proposal set to be voted on later this month. Assembly Republicans will submit a proposal to cut just over \$1.5 billion in unnecessary or wasteful spending along with two resolutions calling for \$1 billion to be dedicated to a property tax relief program and \$300 million to be distributed to all school districts, except Abbott districts, based on enrollment numbers.

- Background on Spending Reductions and Budget Efficiencies -

Assembly Republicans have formally submitted \$1.5 billion reduction in state spending cuts and savings to Assembly Speaker Joseph Roberts. The proposed \$1.5 billion reduction represents nearly 5 percent of the FY 2008 state budget.

Unless state spending is brought under control immediately, many New Jersey taxpayers will be squeezed for more than their budgets can afford. If the budget proposed by the Corzine administration is adopted as is, state government will take \$10 billion more from the taxpayers than it did just five years ago - an increase of \$1,000 for every man, woman, and child.

Since Democrats have routinely rejected \$2.8 billion in savings recommended by Assembly Republicans over the past two budget cycles, this year Assembly Republicans are seeking to build bipartisan support by proposing to use \$1 billion of the money saved for direct property tax relief and another \$300 million to increase aid for school districts. The additional school aid would ease the local property tax burden.

The 2007 budget strategy is consistent with our philosophical belief in fiscal responsibility and lower taxes. Acceptance of this plan would help make New Jersey a much more affordable place and stem the exodus of middle class families to more tax-friendly states.

The budget reductions target political “pork” and programs that are badly mismanaged, routinely waste millions of dollars or are no longer necessary.

The largest single item on our cut list is a \$450 million, or 10 percent, reduction in funding for Abbott school districts. It should be noted that our plan would not divert any money now spent on classroom instruction. The education of *all* children remains a top priority for Assembly Republicans.

What our plan would do is concentrate resources on learning ... but force administrators to be more accountable, better manage their budgets and deal with their bloated bureaucracy and outrageously high salaries.

Even with this proposed reduction, state funding for Abbott districts would still be *far higher* than it was just three years ago.

Abbott districts have received extraordinary increases in state funding over the past five years. But non-Abbott urban districts and all suburban and rural school districts have received virtually no increases whatsoever which has led to a combination of higher property taxes and cutbacks in school programming statewide. These districts have received state aid increases that are considerably less than the amount wasted on pork in the budget.

All Abbott districts can clearly reduce administrative spending and implement managerial efficiencies equivalent to at least 10 percent of their budget.

A series of audits by state officials have documented how huge amounts of taxpayer dollars have been squandered in Abbott districts. New scandals are reported almost every week. Below is a list of just some of the more egregious

examples of waste and abuse in Abbott districts. There are many, many more. They are incontrovertible proof that there is considerable room in Abbott budgets for efficiencies.

- In Camden, more than \$13 million in expenses were deemed "questionable" by an outside audit commissioned by the state. Abuses included slipshod payroll accounting that allowed dead people to continue receiving checks, high-priced parties that included ice sculptures, martini bars and extravagant meals.
- An open account held by Newark school superintendent Marion Bolden was used to purchase figurines, decorations and a \$1,795 jukebox.
- Jersey City administrators spent thousands of dollars on out-of-state travel and overseas trips.
- In Paterson, controls were so lax that more than 2,000 purchase orders exceeded their stated dollar amounts by a combined total of more than \$6 million.
- Salaries for some teachers in Newark exceed \$100,000. The district's public information officer receives \$122,000 a year.
- The executive secretary for former Camden Schools Superintendent Annette D. Knox was paid more than \$100,000 in overtime over a three-year period, far more than any other district employee.
- State investigators are reportedly looking into whether two Camden principals improperly spent tens of thousands of dollars of district money on a big-screen plasma television, iPods, laptops, and other electronic equipment. Some of the items were allegedly for their personal use, according to newspaper accounts.
- School superintendents in Abbott districts have spent thousands of dollars on inappropriate travel, including

European holidays; vacation timeshares; limousines; bar bills and lavish meals at gourmet restaurants.

- One Abbott district school superintendent received a \$200,000 severance package despite being at the end of her contract and under criminal investigation.
- Last week, the Trenton school district was notified it must repay an estimated \$72,000 in state aid for improperly using taxi drivers to transport special education students.

Former Governor James E. McGreevey's education commissioner, William Librera, said an examination by the Department of Education determined 13 of the 22 districts classified as "Abbotts" no longer meet the criteria established for these special needs districts. He proposed that spending unique to Abbotts for these districts should be phased down over a period of time.

Court decisions do not prohibit removing Abbott designations from school districts or reducing state aid that does not impact classroom activities.

Among the areas where savings will be achieved under the Assembly Republican plan are \$570 million from the restructuring of mismanaged or abused programs, \$38.7 million through suspension of non-essential programs, \$32.5 million from elimination of low priority programs, and \$31 million from consolidation including the elimination of the departments of State and Personnel. Other major savings include:

- \$180 million through the elimination of legislative pork,
- \$140 million through the elimination of the revenue sharing component of the Urban Enterprise Zone program until it is restructured to correct the problems recently identified by the State Auditor, and
- \$80 million through the implementation of additional bipartisan recommendations offered by the Joint

Legislative Committee on Public Employee Benefits Reform.

Collectively, over the past three years, Assembly Republicans have proposed more than \$4.3 billion in budget efficiencies. All of the recommendations were spurned by the Democrats. Over the same period, Assembly Republicans have also catalogued more than \$6.6 billion in budget waste, frills, fraud and abuse. That list continues to grow and is available for inspection on our website at NJAssemblyRepublicans.com.

In 2005, Assembly Republicans proposed more than \$600 million in spending cuts during the budget process and offered a property tax reform proposal that is realistic and would be constitutionally guaranteed.

- The Democrats approved a budget that raised spending by \$500 million, froze state aid to schools and municipalities – guaranteeing higher property taxes, slashed property tax rebates by more than half for non-seniors, imposed a new tax on health insurance providers, eliminated a pension deduction that cost senior citizens \$45 million in additional income taxes, and included at least \$200 million in "pork" spending.

In 2006, Assembly Republicans offered more than \$2.2 billion in budget cuts and efficiencies, enough to reduce property taxes by up to 30 percent for everyone.

- The Democrats approved a budget that increased spending by nearly \$3 billion, imposed 26 new taxes worth \$2 billion – including an increase in the state sales tax, squandered \$482.7 million on political “pork” projects and froze state aid to school and municipalities – ensuring higher property taxes. A report by two Rutgers economists predicted the impact of these tax hikes, along with soaring property taxes

and a variety of other economic factors, would cost the average New Jersey family an extra \$3,400 the first year.

– Background on Efforts to Lower Property Taxes –

We are proposing \$1.5 billion in savings. But unlike previous years, we hope to attract the support of at least some Democrats by using \$1 billion of the money saved for direct property tax relief.

The property tax plan approved by the Democrats – and Republicans who tried to push for more – simply does not provide enough property tax relief to undo the tremendous damage inflicted on taxpayers over the past five years.

The proposed \$1 billion reallocation would deliver significant relief and lower property taxes for everyone. Homeowners with a combined household income of \$200,000 or less and all senior citizens would see their quarterly property tax bills reduced by 30 percent. All other homeowners would see a 20 percent reduction.

This one billion dollar reallocation would provide 50 percent more funding for direct property tax relief.

Another \$300 million in savings would be used to increase state aid for school districts, which would help ease the property tax burden in urban, suburban and rural districts. Every school district in the state would see an increase in funding – except the 31 Abbott districts, which have access to sources of funding other districts do not.