

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

SENATE BILL NO. 2013

To the Senate:

Pursuant to Article V, Section 1, Paragraph 15 of the New Jersey State Constitution, I am appending to Senate Bill No. 2013, at the time of my signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

While the Legislature passed a General Appropriations Law for Fiscal 2013 that largely reflects the budget recommendations I submitted on February 21, 2012 in accordance with the provisions of C.52:27B-20, Senate Bill No. 2013's amendments to my budget represent a step backwards and jeopardize the hard fought progress of the last two years.

Senate Bill No. 2013 violates two core priorities of my administration.

First, it denies middle-class New Jerseyans critical and long overdue tax relief while in separate legislation, now before me, the Legislature has proposed a massive \$800 million tax increase that would undermine economic growth, investment and the creation of jobs for New Jerseyans.

Second, Senate Bill No. 2013 weakens our commitment to fiscal responsibility by including additions to spending that undermine both the strong support for key priorities already included in my proposed budget and the fiscal discipline and restraint we have adhered to over the last two years. While this bill adds additional spending, it also inexplicably denies critical funding to meet key priorities such as children's services, education, legal obligations and employee benefits.

As Governor, I will not approve a budget that departs from our commitment to tax relief, reform and fiscal responsibility while weakening our long-term economic competitiveness.

Accordingly, keeping faith with my commitment to New Jerseyans and my constitutional obligation to ensure that the State enters the next fiscal year with a responsible, balanced budget, I am compelled to make modifications as reflected herein.

Continuing the New Jersey Comeback

The General Appropriations Law for Fiscal Year 2013, as modified, that I have signed today keeps our promise to the people of New Jersey to adopt a constitutionally balanced State budget, maintain fiscal discipline and accelerate the New Jersey Comeback. For a third consecutive year, New Jersey will have a budget that restricts direct State government spending, at a level still below that of Fiscal Years 2008 and 2009; does not raise taxes on New Jersey families; increases New Jersey's competitiveness; and continues to fund key priorities to protect vulnerable New Jerseyans and secure our State's future growth and prosperity. Moreover, the modifications I am making today will more than double the Fiscal Year 2013 projected ending fund balance from the level projected in the budget recommendations I submitted on February 21, 2012, while also exceeding levels in the budget as passed by the Legislature.

The budget as adjusted spends \$31.7 billion, \$86 million less than the budget approved by the Legislature, while providing funding for essential services, programs and priorities, including:

- Increasing State aid to school districts by \$199.2 million over last year;
- Providing an additional \$347.5 million in targeted tax cuts and incentives to grow New Jersey's economy and create jobs;

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- Fulfilling New Jersey's commitment to its pensioners by making one of the largest pension payments in New Jersey history;
- Expanding New Jersey's Drug Court program;
- Expanding residential and community mental health settings;
- Funding two new State Police recruit classes;
- Increasing higher education student financial assistance;
- Increasing community placements and support for New Jerseyans with developmental disabilities;
- Providing critical aid to municipalities;
- Protecting funding for the Homestead Benefit, the Senior and Disabled Citizens' Property Tax Freeze program, and other forms of direct property tax relief;
- Protecting funding for New Jersey's hospitals;
- Expanding the successful Veterans Haven program to northern New Jersey; and
- Preserving critical spending for senior and disabled prescription aid.

Line Item Vetoes

Over the last two years, we made a commitment to put our State and its finances on a better, more sustainable path. The General Appropriations Law for Fiscal 2011 and the adoption of landmark legislation to reform interest arbitration, impose a two percent cap on local property tax increases, reform our public employee pension and health benefits systems and achieve dramatic pro-growth business tax reforms and reductions all serve as examples of how – working together on a bipartisan basis – we can achieve fiscal reform that will lead to long-term economic growth and lasting fiscal health. Unfortunately, as approved by the Legislature, Senate Bill No. 2013 threatens ongoing reforms and

tries to undo the progress we have made in strengthening New Jersey's finances and economy.

First, Senate Bill No. 2013 adds new spending and anticipates new revenues that I cannot support, or certify, responsibly.

Second, Senate Bill No. 2013 imperils the forward progress of reform by impeding important initiatives, notably with respect to education, health services and services to youth as noted below.

With respect to education, this bill reduces funding for the Department of Education's Regional Achievement Centers, hobbling the Department's efforts to advance innovative student achievement strategies, while omitting common sense measures to reform adjustment aid and improve the fairness and accuracy of funding allocations based on enrollment and several measures of economic need.

With respect to health services, Senate Bill No. 2013 would impede the State's ongoing, complex transition to managed care by restricting the State's Medicaid managed care organizations' ability to contract and negotiate with service providers. A competitive marketplace ensures an adequate and accessible network which will result in the most cost-effective service delivery for taxpayers.

With respect to youth services, Senate Bill No. 2013 reduces funding that put at risk the State's hard-won progress and longstanding objective of providing services to youth in the most appropriate setting, with particular emphasis on supporting their ability to reside in their communities.

Third, Senate Bill No. 2013 imposes unnecessary and burdensome restrictions on the normal operation of executive agencies by, among other measures, extending the purview of the

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statutorily created Joint Budget Oversight Committee, in a series of specific circumstances, beyond generally accepted norms of legislative oversight.

Fourth, Senate Bill No. 2013 fails to provide necessary funding to meet certain needs that can be ascertained or reasonably foreseen at this time.

Senate Bill No. 2013 irrationally cuts millions from the Department of Children and Families' child protection and permanency services. This bill also cuts millions in mobile response services and intensive in-home behavioral assistance. This decrease will challenge services to youth in acute crisis and is fundamentally inconsistent with the State's commitment to serve more families and youth in the community rather than in institutional settings.

With respect to the Department of Human Services, this bill reduces funding by millions of dollars for substance abuse programs and services that help assist New Jersey's most vulnerable.

Senate Bill No. 2013 eliminates funding for important energy efficiency projects underway at State facilities.

Senate Bill No. 2013 fails to provide sufficient funds to meet the State's anticipated obligations with respect to employer taxes and banking services. Moreover, it anticipates \$20 million in additional savings from debt restructuring without substantiation.

As this budget, as passed by the Legislature, fails to accelerate the New Jersey Comeback, denies hard working, middle-class New Jerseyans the relief they deserve after years of shared sacrifice and threatens to send the wrong message to the people, businesses and innovators who wish to join us in the Comeback, I am, accordingly, appending to Senate Bill No. 2013, at the time

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of my signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

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Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Charles McKenna

Chief Counsel to the Governor