

New Jersey governor darling of conservatives

By Jim Nowlan

New Jersey GOP governor Chris Christie has become the darling of small government conservatives for his pugnacious style, which he has used successfully to stare down both the liberal Democratic majorities in the legislature as well as the powerful state teachers union.

Christie has cut the state's budget deep into the bone, some observers say, in efforts to eliminate, without raising taxes, a multi-billion dollar deficit similar to that in Illinois. Is his approach working and can it work in Illinois?

Elected in November 2009, Christie immediately cut the budget he inherited and vetoed a continuation of a tax increase on the wealthy and business. During the legislative session just ended, the combative governor passed, with some Democratic support in both cases, major retrenchments in the state's public employee pension system and a 2 percent cap on increases in local property taxes.

For the 2011 budget year (which began this July), Christie cut most departments further, reduced state aid to local schools by \$820 million and aid to local governments by half a billion dollars.

Christie also did many small things, which can have important symbolic value, like reducing overtime hours, shrinking the state fleet of official vehicles and cutting pay and pension eligibility for members of numerous state boards and commissions.

But Christie also continued one bad fiscal practice by failing to fund the state's pension system to the tune of about \$3 billion, which increases the costs for future taxpayers.

Christie promised to restore education cuts to school districts where teachers accept a wage freeze and agree to begin paying something (they now pay nothing) for their benefits. Most districts have been unwilling to agree to these conditions.

Teachers responded to the Christie cuts with a march and rally by 30,000 teachers on the state capitol in Trenton. In typical blunt fashion, Christie responded indirectly by telling a complaining teacher in a public meeting that she should get another job if she didn't like his actions on education.

A recent poll of residents in New Jersey, a liberal Democratic, strong union state, found that strong majorities liked his property tax caps but not his government cuts. Republicans are wilding supportive of him, Democrats the opposite, with more Independents than not applauding his actions to date.

Is there a "Christie solution" for Illinois, if indeed the governor has stabilized the New Jersey budget, which isn't clear yet (note the failure to fund pensions, for example)?

Illinois and New Jersey are different, and the task facing the next Illinois governor is even more daunting than in Jersey. The Garden State is the second wealthiest state in the nation, has the highest state and local taxes, and spends lots more on governments than does Illinois.

In 2007, New Jersey had per capita income of \$49,238 versus \$40,919 in Illinois. New Jersey spent 11.8 percent of its income on state and local taxes, whereas in Illinois the figure was 9.3 percent, which was lower than the national average of 9.7 percent. The

highest rate of the New Jersey individual income tax is 8.97 percent whereas Illinois has a flat rate of 3 percent for all taxpayers.

In 2006, New Jersey spent \$9,598 per capita on state and local governments whereas in Illinois the figure was \$7,915. So Christie had a much higher spending base from which to start whittling down than is the case in Illinois.

Most Illinois residents already live under property tax caps, and this past year the legislature and governor enacted public employee pension reforms that raise the age of retirement to 67 and cap total pension payments. (NOTE: You may want to note parenthetically whether your counties are tax-capped. JN)

And Gov. Quinn has been cutting deep into many programs. To cite just one example, he has cut the truant alternative/optional education program almost in half, from \$18 million to \$10 million. This will reduce significantly the number of high schoolers in this successful program for high at-risk kids.

Even with this and many other cuts, the present Illinois state budget is billions from being balanced. I wish I could conclude that the Chris Christie approach would stabilize the Illinois budget, but unfortunately I think the Illinois situation is in even worse straits than that in New Jersey. Unless the economy picks up steam, which is doubtful, look for more cuts in Illinois and at least a temporary tax increase in 2011.