

# GOLDEN: No end in sight to N.J. budget woes

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When New Jersey's fiscal year 2016 budget cycle began, there were two overarching issues — replenishing the Transportation Trust Fund and covering the multibillion dollar shortfall in the state's public pension system. Now, approaching the midpoint of deliberations, they still are.

It's increasingly clear the Christie administration is playing for time on both issues and the Democratically controlled Legislature seems to be on the same course — eagerly, grudgingly or out of frustration.

The administration appealed a Superior Court order to restore the \$1.6 billion the governor cut from the state's contribution to the pension fund and the Supreme Court has agreed to hear the appeal next month, potentially pushing a decision into the next fiscal year or ruling so late in the current fiscal year that complying with a restoration would be nearly impossible.

The governor reduced the contribution because, he said, the state couldn't afford it and warned that without major changes to the system, it would collapse, depriving employees and retirees of their pensions or requiring dramatic spending cuts in virtually every state program.

His recommendation for a pension freeze, replacing it with a form of a 401(k) program, turning administration of the fund over to employee unions, and switching to a less costly health benefits system drew a rapid negative response from the legislative leadership, which accused Christie of renegeing on a promise he made in the 2011 pension reform package.

In defending the state against the court challenge to the cuts, attorneys claimed the reform legislation, touted by Christie as a national model that would solve the state's pension crisis, was unconstitutional.

Why the governor's office of legal counsel — the office that reviews legislation for constitutional defects before the governor signs it into law — failed to discover its flaws or chose to overlook them wasn't answered. The state's lawyers argued that the court invented a constitutional right to a public pension and ordering the Legislature to spend money improperly interfered with the rights and responsibilities of a co-equal branch of government.

The governor has continued to insist that, left unchecked, pension and health benefits expenses will bankrupt the state. Democrats in the Legislature remain just as adamant that the administration meet its obligation under the 2011 law before it will consider further changes.

Christie, in his town hall forums, has stepped up the rhetoric to make his case, a turn of events that suggests the spirit of cooperation between the administration and the New Jersey Education Association he boasted of in his budget address has dissolved. Any agreement between the two sides was fragile at best. The NJEA quickly distanced itself from it, arguing that Christie had overstated the association's position. It now seems to have collapsed entirely.

The outlook for action on trust fund renewal is equally bleak. The governor has minimized the severity of the fund's condition, dismissing it as "not a crisis," a theme reiterated by the state treasurer in his appearance before the budget committee. The fund, he told committee members, is in fine shape for this fiscal year but a revenue source will have to be identified for it to continue a capital construction program next year.

Commissioner of Transportation Jamie Fox was gloomier in his assessment, but stuck to the administration position that "not a crisis" will become one by 2016 without a substantial cash infusion.

While an increase in the motor fuels tax has consistently hung over the discussions to rescue the trust fund, both cabinet officers avoided suggesting a revenue source, repeating the administration's "everything is on the table" pledge. The hope for a resolution of the Trust Fund stalemate seems to have been abandoned in favor of pushing it further down the priority list and into next year.

Underlying the administration's strategy of playing for time is an admission that the state's finances have hit the wall. The state is broke, and the budget is