

GOLDEN: What is N.J.'s fiscal strategy?

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The disclosure this week that the Christie administration had overstated anticipated state revenues yet again — this time by some \$275 million — has added to the growing perception that the state's finances are in shambles and unlikely to recover anytime soon.

Overly optimistic revenue estimates have been a near-constant in the administration, requiring hasty midyear or end-of-year scrambling to cut spending, divert funds from other sources, and postpone one year's obligations into the next.

The impact this year has been made even more severe by the closing of four casino hotels in Atlantic City and the shutdown of a fifth looming in November, further reducing revenue for both state and local governments, to say nothing of the loss of nearly 8,000 jobs.

Moreover, the state's bond rating — the cost of borrowing — was downgraded for the eighth time in five years, amid rather harsh language from the ratings agencies that the administration's financial performance has been considerably less than outstanding.

To cover earlier budget shortfalls, Christie delayed the homestead rebate program for the third time in five years and in a move that enraged Democrats and produced a still unresolved political uproar, cut the state's scheduled payment into the public pension fund by some \$2 billion.

The fiscal 2016 budget is already in the early preparation stages — it will be delivered to the Legislature next February — and it would appear Christie's options are limited, perhaps severely so.

There are few areas left to turn to in search of potentially hundreds of millions of dollars to maintain a balanced budget. The homestead rebate program provides some \$350 million in property tax relief primarily to seniors and the disabled, and another delay is tantamount to a property tax increase for them. There will certainly be considerable blowback should the rebate be denied for the second consecutive year and the fourth time in the administration's tenure.

Christie's critics argue that his budgetary decisions are driven by his political ambition, his desire to be perceived by national Republican leaders as an anti-tax fiscal conservative. It is an ambition, they contend, that ill serves New Jersey citizens by ignoring problems and under-funding essential state services.

By most accounts, the administration track record thus far in projecting income does not inspire confidence and there's been a decided lack of any long-term fiscal strategy.

Whatever the administration proposes in 2015 will play out in a heavily political environment — the Assembly elections in November, a decision by Christie on his own future, and continued jockeying for inside position by Democrats interested in seeking the governor's office.

Carl Golden is a senior contributing analyst with the William J. Hughes Center for Public Policy at the Richard Stockton Colleg