

REMARKS PREPARED FOR DELIVERY BY GOVERNOR JIM FLORIO
FISCAL YEAR 1991 BUDGET ADDRESS
TRENTON, NEW JERSEY
THURSDAY, MARCH 15, 1990

MR. SPEAKER. MR. PRESIDENT, LADIES AND GENTLEMEN, WE HAVE COME HERE TODAY TO BEGIN A PROCESS -- TO SET OUT ON A JOURNEY -- THAT WILL SAY A GREAT DEAL ABOUT WHAT KIND OF STATE WE WANT FOR OUR CHILDREN AND THEIR CHILDREN.

I AM NOT PROMISING THAT IT WILL BE AN EASY JOURNEY, OR PAINLESS. BUT MANY A JOURNEY IS WORTH TAKING BECAUSE OF WHAT LIES AT THE JOURNEY'S END. YOU MIGHT REMEMBER ME TALKING ABOUT MY GRANDPARENTS IN MY INAUGURAL SPEECH. MY GRANDPARENTS, JUST LIKE MANY OF YOURS, LEFT THEIR HOMES TO SAIL ACROSS THE OCEAN TO A NEW WORLD. THEY DIDN'T EXPECT A PLEASURE CRUISE. THEY SWEATED IT OUT IN THE CROWDED STEERAGE COMPARTMENTS OF LEAKY SHIPS BECAUSE OF WHAT WAITED FOR THEM AT THE OTHER END.

WHAT WAITED WAS OPPORTUNITY. AND OPPORTUNITY -- FOR US, OUR FAMILIES, AND THOSE WHO WILL COME AFTER US -- IS WHAT NEW JERSEY WILL KEEP ON PROVIDING. BUT ONLY IF WE ARE WILLING TO TAKE DECISIVE ACTION.

LET ME TAKE A MOMENT TO SKETCH FOR YOU WHAT I THINK WE ALL WANT NEW JERSEY TO LOOK LIKE IN THE YEARS AHEAD.

WE WANT A STATE WITH SCHOOLS SECOND-TO-NONE. TURNING OUT SKILLED, QUALIFIED WORKERS AND GOOD CITIZENS. WHERE WE CAN MAKE SURE EVERYONE GETS A CHANCE.

WE WANT NEW JERSEY TO HAVE CLEAN, FRESH, WATER TO DRINK, PURE AIR TO BREATHE, AND A BEAUTIFUL SHORE TO ENJOY.

WE WANT CITIES AND TOWNS WHERE THE AMERICAN DREAM OF OWNING A HOME IS ALIVE FOR OUR CHILDREN, AS IT WAS FOR US.

WE WANT A LEANER, MORE EFFICIENT GOVERNMENT. RUN LIKE OUR FAMILIES RUN THEIR HOUSEHOLDS: SPENDING NO MORE THAN IT HAS TO; AND NO MORE THAN IT HAS. BUT A GOVERNMENT THAT IS THERE TO HELP THE PEOPLE WHO NEED ITS HELP.

WE WANT A STATE WHERE TAXPAYERS' DOLLARS ARE USED WISELY AND ARE PROPERLY ACCOUNTED FOR. WHERE TAXES ARE FAIR AND WHERE WE EASE THE OPPRESSIVE BURDEN OF LOCAL PROPERTY TAXES.

A STATE THAT HAS BUILT A FOUNDATION TO HELP US WITHSTAND BAD ECONOMIC TIMES.

FRIENDS, THAT IS A NEW JERSEY WORTH HAVING. IT IS THE NEW JERSEY THAT I PLEDGE THE GOVERNMENT I LEAD WILL STRIVE FOR.

BUT THESE GOALS -- THESE VALUES -- WILL NOT HAPPEN IN A VACUUM. THEY WON'T HAPPEN IF WE KEEP ON AVOIDING TOUGH CHOICES.

TODAY, WE ARE CONFRONTED BY HARSH REALITIES AND HARD DECISIONS.

THE TIME HAS COME TO FACE THEM. AS ONE OF MY HEROES -- THE GREAT HEAVYWEIGHT JOE LOUIS -- ONCE SAID: "YOU CAN RUN, BUT YOU CAN'T HIDE."

SO, I WANT TO DISCUSS WITH YOU THE STEPS I BELIEVE WE NEED TO TAKE TO GET THROUGH NEXT YEAR -- FISCAL 1991 -- AND TO MAKE SURE 1992 MARKS A BRIGHT, NEW BEGINNING.

THE BUDGET I'M PROPOSING FOR THE FISCAL YEAR STARTING THIS JULY FIRST IS HARSH.

I DON'T LIKE IT.

IT CONTAINS MEASURES TOUGHER THAN A COMPASSIONATE PEOPLE SHOULD HAVE TO TAKE. IT FRUSTRATES OUR ABILITY TO MAKE GOVERNMENT THE CATALYST FOR CHANGE THAT I BELIEVE IT SHOULD BE. BUT, THE ONE-SHOT FIXES, THE REFUSALS TO FACE REALITY, THAT WENT INTO THE BUDGET UNDER WHICH WE NOW LIVE -- THE BUDGET I'VE INHERITED -- WOULD BE SHORTSIGHTED IF WE APPLIED THEM AGAIN. AND WE WON'T.

IN THE PAST EIGHT YEARS ALONE, THE SIZE OF OUR STATE BUDGET DOUBLED. THE BUDGET I'M PROPOSING SHATTERS THAT MOLD. THE BUDGET FOR THE FISCAL YEAR STARTING JULY FIRST, 1990, WILL BE SMALLER -- NOT BIGGER -- THAN THE ONE BEFORE IT. THIS REQUIRES SACRIFICE. BUT IT MUST BE DONE. WE HAVE TO CHANGE OUR WAYS.

MY PROPOSALS WILL MEAN A REAL BALANCED BUDGET. WE HAVE CUT MORE THAN A BILLION DOLLARS IN SPENDING FROM WHAT WAS REQUESTED LAST YEAR. WE WILL CONTINUE TO TRIM THE SIZE OF STATE GOVERNMENT. EXCEPT FOR AN ESSENTIAL INCREASE IN THE SIZE OF THE CORRECTIONS DEPARTMENT STAFF, THE OVERALL STATE WORKFORCE WILL BE SMALLER. MOST OF THE POSITIONS WE CUT WILL BE MIDDLE-LEVEL MANAGERS, NOT THE PEOPLE DIRECTLY PROVIDING SERVICES.

AS I'VE SAID, WE HAVE CUT MORE THAN ONE BILLION DOLLARS FROM THE SPENDING REQUESTS OF THE PREVIOUS ADMINISTRATION. YET, ASTOUNDING AS IT MAY SOUND, WHEN THAT CUTTING IS DONE, WHEN THE EFFICIENCIES ARE PUT IN PLACE, WE STILL FALL SHORT OF A BALANCED BUDGET. SO I AM PROPOSING THAT, TO BALANCE THAT BUDGET -- AS WE MUST -- WE RAISE, AND BROADEN THE BASE OF OUR STATE SALES TAX.

BY ADDING ONE CENT ON THE DOLLAR AND CLOSING LOOPHOLES, WE CAN HAVE A BUDGET THAT IS BALANCED. WE WILL NOT, I WANT TO ADD, EXTEND THE SALES TAX TO COVER SUCH BASIC NECESSITIES AS FOOD AND CLOTHING.

I SAID THIS WOULD BALANCE THE BUDGET, AND IT WILL. NOT LAVISHLY. NOT EVEN COMFORTABLY. FAR FROM IT.

IT WILL STILL BE A BUDGET DICTATED BY THE REALITIES OF A STATE THAT HAS UNWISELY SPENT ITS SURPLUSES AND FAILED TO SET ENOUGH ASIDE TO GET THROUGH HARD TIMES. SCHOOL AID WILL INCREASE, BUT NOT BY ENOUGH. THERE WILL BE FARE INCREASES FOR TRAIN AND BUS RIDERS. STUDENTS WILL PAY MORE TO GO TO STATE COLLEGES. WE WILL NOT BE ABLE TO AFFORD HOMESTEAD REBATES FOR NEXT YEAR.

THIS IS A TIGHT BUDGET. WE HAVE NO CHOICE.

DESPITE THE HARDSHIPS THIS BUDGET WILL REQUIRE, I BELIEVE THERE IS ONE AREA WHERE WE MUST GO FORWARD WITH RENEWED ENERGY AND COMMITMENT. WE CAN'T LET OUR CHILDREN'S EDUCATION SUFFER. I'M A HIGH SCHOOL DROPOUT. I'M SOMEONE WHO CAME CLOSE TO LOSING HIS WAY. I KNOW THE DESPAIR OF ALMOST BEING SHUT OUT. I KNOW THE EXHILARATION OF LEARNING. AND THERE ARE SO MANY CHILDREN ACROSS THIS STATE WHO NEED TO FEEL THAT EXHILARATION.

AND SO, EVEN IN A BARE-BONES BUDGET, I WANT TO PROPOSE THREE IMPORTANT PROGRAMS.

FIRST, NO CHILD IN THIS STATE SHOULD HAVE TO TRY TO LEARN IN A CLASSROOM WHERE THE ROOF LEAKS AND THE WINDOWS ARE BROKEN. I'M PROPOSING WHAT I CALL THE "3Rs" BOND PROGRAM. IT STANDS FOR REBUILDING, REFURBISHING, AND REVITALIZING OUR SCHOOL BUILDINGS -- SO THAT THE PROPER SETTING EXISTS FOR LEARNING TO TAKE PLACE. SO SCHOOLS BECOME TRUE COMMUNITY CENTERS.

IF WE COMMIT OURSELVES TO THIS, WE WILL PROVIDE \$600 MILLION FOR 90 PERCENT MATCHING GRANTS TO FUND SCHOOL CONSTRUCTION AND RENOVATION OVER THE NEXT FOUR YEARS. STATE-OF-THE-ART LABORATORIES; MODERN LIBRARIES; SAFE, COMFORTABLE CLASSROOMS. THEY WILL MEAN A LOT TO OUR CHILDREN. AND BECAUSE WE WILL PUT EMPHASIS ON FACILITIES THAT ALSO CAN BE USED BY FAMILIES, BY THE ELDERLY, AT ALL HOURS, WE'LL BE PUTTING OUR SCHOOLS IN THE FOREFRONT OF REBUILDING OUR SENSE OF COMMUNITY.

SECOND, WE MUST REKINDLE OUR INVESTMENT IN THE EARLY YEARS OF CHILDHOOD -- THE YEARS THAT COUNT THE MOST IN BUILDING CHARACTER AND INSTILLING THE VALUES OF SUCCESS. I AM CALLING FOR AN APPROPRIATION OF \$5 MILLION WHICH, TOGETHER WITH MONEY PROMISED BY THE FEDERAL GOVERNMENT, WILL LET US DOUBLE THE NUMBER OF CHILDREN IN HEAD START PROGRAMS IN NEW JERSEY. NO PROGRAM HAS EVER MEANT MORE TO IMPROVING THE LIVES OF YOUNG CHILDREN IN NEED. NO PROGRAM HAS EVER OFFERED MORE BENEFITS IN SOCIAL AND ECONOMIC GAINS DOWN THE ROAD.

THIRD, I WANT TO TAKE ACTION TO MAKE SURE OUR STATE -- INDEED, OUR NATION -- IS COMPETITIVE WITH THE REST OF THE WORLD. I CALL ON YOU TO SET ASIDE \$1 MILLION FOR A MATH-SCIENCE ACHIEVEMENT PROGRAM THAT WILL HELP OUR STUDENTS PUT THEMSELVES

AND OUR NATION BACK IN THE FOREFRONT OF AN AREA WHERE WE'VE GONE FROM WORLD LEADERS TO FOLLOWERS.

A MILLION DOLLARS ISN'T A LOT OF MONEY, BUT WHAT MAKES THIS PROGRAM SO EXCITING IS THAT WE WILL GO TO THE BUSINESSES OF NEW JERSEY IN SEARCH OF MATCHING GRANTS. I'M PLEASED TO ANNOUNCE THIS PARTICULAR PUBLIC/PRIVATE PARTNERSHIP HAS ALREADY BEEN JOINED BY NABISCO. I'M LOOKING FORWARD TO MANY MORE CORPORATE CITIZENS FINDING WAYS TO RECOGNIZE THE STAKE THEY HAVE IN OUR CHILDREN'S FUTURE. THIS WILL BE THE FIRST OF MANY SUCH PARTNERSHIPS TO BUILD A BETTER NEW JERSEY.

ALONG WITH THESE PROPOSALS, I WILL BE CALLING FOR ANOTHER FUNDAMENTAL EDUCATION CHANGE. AS WE HAVE STRUGGLED TO REFORM OUR SCHOOLS IN RECENT YEARS, WE HAVE HAD SUCCESSES. BUT WE ALSO HAVE EXPANDED STATE BUREAUCRACY AT THE EXPENSE OF COMMUNITY INITIATIVE. IT'S TIME TO CUT THE RED TAPE FOR OUR BEST SCHOOL DISTRICTS.

AT TIMES WE HAVE SHACKLED THE BEST SCHOOL DISTRICTS AND TAKEN TIME AND RESOURCES AWAY FROM HELPING THOSE IN TROUBLE. SOON I WILL SUBMIT TO YOU MY PROPOSALS FOR REDUCING THE COSTS IN TIME AND MONEY TO TOP SCHOOL DISTRICTS BY ALLOWING MORE LOCAL DISCRETION AT THE SAME TIME WE MAINTAIN HIGH STANDARDS.

OUR EDUCATIONAL GOAL SHOULD BE EXCELLENCE, NOT MERE COMPLIANCE. A BALANCE WILL BE STRUCK BETWEEN ACCOUNTABILITY TO THE STATE AND THE COMMON SENSE REALITY THAT IN SO MANY CASES OUR COMMUNITIES KNOW BEST, HOW TO PROVIDE QUALITY EDUCATION.

AS I SAID EARLIER, OUR JOB IN PREPARING A BALANCED, FAIR BUDGET HAS BEEN MADE MORE DIFFICULT BY OUT-OF-CONTROL PAST SPENDING AND THE FAILURE TO USE PAST SURPLUSES FOR WHAT THEY WERE INTENDED. WE'VE EATEN OUR SEED CORN. AND, AS ANY FARMER WILL TELL YOU, THAT'S A MISTAKE.

I HAVE TWO PROPOSALS TO TURN THAT SITUATION AROUND.

WE MUST INSTITUTE A REAL "RAINY DAY FUND" ALONG THE LINES OF WHAT SENATOR WEISS HAS PROPOSED. IN ANY YEAR WHEN REVENUES COME IN ABOVE EXPECTATIONS, THE MONEY WILL BE SET ASIDE. IT WILL BE USED IN YEARS WHERE WE TAKE IN LESS THAN WE EXPECTED.

AND THERE SHOULD BE A STATE SPENDING CAP. A LIMIT ON THE YEAR-TO-YEAR INCREASE IN ALL STATE SPENDING.

THESE ACTIONS WILL PUT US IN THE POSITION TO FACE UP TO REALITY. THEY WILL TAKE US DOWN THE SOUND, PRUDENT PATH OF SOLVING A CRUCIAL STRUCTURAL PROBLEM. THE PROBLEM IS THIS: THE AMOUNT OF MONEY OUR STATE SPENDS KEEPS GOING UP -- IN GOOD TIMES AND BAD. IT GOES UP FASTER THAN OUR ABILITY TO PAY, AND THAT IS A RECIPE FOR DISASTER.

FOR MILLIONS OF PEOPLE IN THIS STATE, IT DOESN'T TAKE A LAW TO MAKE THEM SPEND NO MORE THAN THEY TAKE IN. THAT'S LIFE.

IT'S COMMON SENSE. YOU CAN'T LIVE LIKE A MILLIONAIRE IF YOU AREN'T ONE. MY FAMILY HAS ALWAYS LIVED BY THAT SIMPLE RULE, AND I'M SURE YOURS HAVE AS WELL.

BUT WE HAVEN'T BEEN USING COMMON SENSE. WE HAVEN'T LIVED BY THE SIMPLE RULES. AND SO WE'VE HAD TO TAKE EMERGENCY STEPS TO ENABLE US TO GET THROUGH THE IMMEDIATE BUDGET CRISIS OF THIS VERY MOMENT.

THIS CRISIS INVOLVES THE FISCAL YEAR WE ARE IN RIGHT NOW, THE ONE THAT ENDS THIS JUNE 30TH. AS YOU HAVE HEARD ME SAY BEFORE, THE BUDGET UNDER WHICH WE ARE LIVING TODAY IS SERIOUSLY OUT OF BALANCE. IT HAS BEEN REPORTED THAT INACCURATE, OVERLY ROSY PREDICTIONS, AS WELL AS AN ECONOMIC DOWNTURN, HAVE LEFT US WITH A \$590 MILLION SHORTFALL. WE'RE IN THE HOLE. I ACTED IN A DRAMATIC FASHION TO MAKE SURE THE STATE DIDN'T RUN OUT OF MONEY.

IN CONSULTATION WITH THE LEADERS OF THE LEGISLATURE, I'M PREPARED TO CUT MORE THAN \$405 MILLION -- FOR THIS YEAR. WE'VE CUT OUT STATE PROJECTS. FROZEN SALARIES. TAKEN BACK STATE CARS THAT NEVER SHOULD HAVE BEEN GIVEN OUT IN THE FIRST PLACE. WE'RE WORKING HARD TO GAIN CREDIBILITY WITH THE HARDWORKING MEN AND WOMEN OF NEW JERSEY. WE'RE CHANGING PRIORITIES. WE'RE PUTTING AN END TO BUSINESS AS USUAL.

I KNOW THAT PUTTING THIS YEAR'S BUDGET BACK INTO BALANCE IS AN UNUSUALLY SERIOUS PROBLEM. AND I BELIEVE THAT LEADERSHIP MEANS SETTING AN EXAMPLE. SO I'M ANNOUNCING TODAY THAT I WILL TAKE A 10 PERCENT CUT IN MY OWN SALARY FOR THE REST OF THE FISCAL YEAR. AND MY CABINET WILL TAKE FIVE PERCENT SALARY CUTS.

I SAID AT THE BEGINNING THAT WHAT WE DO TODAY WILL SAY A LOT ABOUT THE FUTURE OF OUR STATE. SO I WANT TO MAKE IT CLEAR THAT I DO NOT BELIEVE IT IS PROPER FOR ME TO COME BEFORE YOU TODAY WITH A PLAN FOR NEXT YEAR, AND NOTHING MORE. IF WE REALLY WANT TO MAKE A DIFFERENCE WE MUST TAKE HOLD OF OUR FATE. PLAN AHEAD. TAKE STEPS -- EVEN BEYOND A RAINY DAY FUND -- TO MAKE SURE THAT WHEN I COME BEFORE YOU A YEAR FROM NOW WE HAVE GOTTEN OFF THE FISCAL ROLLER COASTER THAT WE'VE BEEN ON TOO LONG.

AND WE MUST RIGHT THE FUNDAMENTAL WRONG OF OUR INEQUITABLE PROPERTY TAX SYSTEM.

I WANT TO USE THIS OFFICE TO MAKE FAIR WHAT IS UNFAIR. THE WAY WE PAY FOR SCHOOLS IN THIS STATE DOES A DISSERVICE TO OUR SCHOOL CHILDREN -- AND TO THE PROPERTY TAXPAYERS AND HOMEOWNERS OF NEW JERSEY. AND SO I PROPOSE A BOLD STEP TO HELP BOTH GROUPS.

THEIR FUTURES SHOULD NOT BE HELD HOSTAGE TO OUR UNFAIR, ANTIQUATED PROPERTY TAX SYSTEM.

I THINK IT'S WORTH REFLECTING FOR A MOMENT ON JUST HOW FRAGILE THE AMERICAN DREAM HAS BECOME. ONLY IN THE PAST 40 YEARS OR SO HAVE WE BECOME A NATION WHERE FAMILIES LIKE OURS HAVE OWNED THEIR OWN HOMES. TODAY, THAT DREAM IS THREATENED.

I WILL NOT SOON FORGET A GENTLEMAN WHO LUCINDA AND I MET AT A PICNIC IN ELIZABETH. HE WAS IN HIS EARLY 60s -- AND HE WAS CRYING AS HE SPOKE TO US.

IT WAS AN EMBARRASSING MOMENT FOR HIM -- SHEDDING TEARS IN THE PRESENCE OF STRANGERS -- BUT HE WANTED TO TELL US SOMETHING. HE WANTED US TO KNOW THAT HE HAD OWNED A HOME FOR YEARS; HAD EVEN PAID OFF THE MORTGAGE. AND HE WAS IN DANGER OF LOSING THAT HOME, BECAUSE HE COULD NO LONGER AFFORD HIS PROPERTY TAXES.

PROPERTY TAXES HAVE GONE UP 108 PERCENT -- THAT'S \$4.5 BILLION -- IN THE PAST EIGHT YEARS IN THIS STATE. MORE THAN \$3.1 BILLION IN THE PAST FOUR YEARS ALONE.

- THAT'S NOT ACCEPTABLE.

OUR SONS AND DAUGHTERS ARE FINDING HOME OWNERSHIP BEYOND THEIR REACH. MANY OF THEM HAVE NO CHOICE BUT TO LEAVE THE STATE.

THAT'S NOT ACCEPTABLE. OUR PROPERTY TAX SYSTEM IS EATING AWAY AT THE HEART OF THE AMERICAN DREAM.

AND AS OPPRESSIVE AS PROPERTY TAXES ARE FOR HOMEOWNERS, THAT'S HOW UNFAIR THEY ARE FOR KIDS IN SCHOOL. TOO OFTEN THE QUALITY OF THEIR EDUCATION IS DETERMINED BY THE WEALTH OF THEIR COMMUNITY. AND THAT'S NOT ACCEPTABLE EITHER.

IT'S IN OUR HANDS TO DO SOMETHING. I HAVE THREE PROPOSALS.

FIRST, I BELIEVE WE HAVE AN OBLIGATION TO CHANGE THE WAY WE DELIVER STATE AID TO SCHOOLS. I WILL BE SENDING UP A PLAN TO ESTABLISH A FOUNDATION LEVEL OF SUPPORT TO PROVIDE A QUALITY EDUCATION FOR EVERY CHILD IN NEW JERSEY. IF A SCHOOL DISTRICT CAN'T, WITH A FAIR AND MODERATE RATE OF TAXATION, PROVIDE THAT MONEY, THEN THE STATE SHOULD MAKE UP THE DIFFERENCE.

SECOND, I PROPOSE THAT THE STATE SHOULD PAY FOR ITS OBLIGATIONS. NOT PUSH THEM ON TO OTHERS. I WANT THE STATE TO TAKE OVER THE COST OF WELFARE BENEFITS, FOSTER CARE, AND OTHER SOCIAL SERVICE PROGRAMS NOW BEING PAID BY COUNTIES AND MUNICIPALITIES. AND ALSO TO TAKE OVER THE COST OF ALL PATIENTS IN STATE AND COUNTY PSYCHIATRIC HOSPITALS AND ALL OTHER STATE INSTITUTIONS. THE STATE AND OUR COUNTIES NOW HAVE AN ELABORATE PROCESS FOR BILLING THESE COSTS TO EACH OTHER. THIS IS WASTEFUL AND INEFFICIENT.

THIRD, WE NEED NEW, MEANINGFUL PROPERTY TAX RELIEF.

I PROPOSE THAT WE PUT A LID ON PROPERTY TAXES AND PROVIDE \$400 MILLION IN RELIEF FOR THE PEOPLE WHO NEED IT MOST.

UNDER MY PROPOSAL NO FAMILY IN NEW JERSEY WITH AN INCOME OF LESS THAN \$65,000 A YEAR WILL HAVE TO PAY MORE THAN FIVE PERCENT

OF THAT INCOME IN PROPERTY TAXES. WHERE PROPERTY TAXES EXCEED THAT LEVEL, THE STATE WILL PICK UP THE DIFFERENCE -- UP TO \$500.

THE AMOUNT OF MONEY NEW JERSEY TAKES IN FROM INCOME TAXES TODAY CANNOT PAY FOR THESE IMPORTANT REFORMS. IT WON'T GIVE OUR KIDS THE EDUCATION THEY NEED. IT CAN'T GIVE OUR COMMUNITIES WHAT THEY NEED TO BRING RELIEF TO HOMEOWNERS FROM LOCAL PROPERTY TAXES.

AND SO TO BRING BACK TAX JUSTICE TO OUR PEOPLE, WE MUST MAKE OUR INCOME TAX FAIRER AND MORE PROGRESSIVE. I PROPOSE THAT, STARTING JANUARY FIRST, 1991, THE TAX WILL BE MORE PROGRESSIVE FOR PEOPLE MAKING MORE THAN \$55,000 A YEAR. NO ONE MAKING LESS THAN \$55,000 WILL PAY MORE THAN THEY DO NOW. THERE WILL BE A SEVEN PERCENT TOP RATE FOR THE WEALTHIEST PEOPLE. AND THREE-QUARTERS OF THE MONEY RAISED BY WHAT I'M PROPOSING WILL COME FROM THOSE MAKING MORE THAN \$100,000 A YEAR.

IF WE DO THIS -- IF YOU AND I TAKE THIS IMPORTANT STEP -- WE WILL BE DOING MUCH MORE THAN EVER BEFORE TO DEAL WITH THE WORST ABUSES OF THE PROPERTY TAX.

I KNOW THAT IN THE WEEKS AHEAD YOU WILL DEBATE AND DELIBERATE ABOUT WHAT I'VE SAID TODAY. I WELCOME THAT. IN THIS LEGISLATURE THERE ARE MANY EXPERTS ON THESE MATTERS. MY BRANCH OF GOVERNMENT HAS NO MONOPOLY ON GOOD IDEAS.

BUT LET ME BEGIN TO RESPOND EVEN BEFORE YOU BEGIN TO CONSIDER. SOME MAY SAY I'M ASKING YOU TO DO TOO MUCH. SOME MAY SAY IT'S UNREALISTIC OR UNWORKABLE. I THINK THEY ARE WRONG.

I'M NEW TO THIS JOB, BUT I'M NOT NEW TO GOVERNMENT. I KNOW THAT REAL LEADERSHIP MEANS DETERMINING WHAT IS POLITICALLY POSSIBLE, AND THEN DOING MORE. I HAVE ALWAYS BELIEVED THAT IT'S ONLY WHEN YOU PUSH AT THE EDGES THAT YOU REALLY EXCEL.

I WANT A NEW JERSEY THAT KEEPS ITS COMMITMENTS, AND THEN SOME. A NEW JERSEY THAT DOESN'T SAY NO TO BETTER SCHOOLS AND TO THE DREAM OF HOME OWNERSHIP. A NEW JERSEY THAT SAYS YES TO ITS FUTURE.

I'M ASKING THAT WE DO THINGS DIFFERENTLY. AND CHANGE ISN'T ALWAYS EASY. I'VE TRAVELED UP AND DOWN THIS STATE ENOUGH TO KNOW THAT THIS ISN'T JUST ABOUT TAXES AND BUDGETS. IT'S ABOUT THE HARD-EARNED MONEY -- ABOUT THE LIVES, AND ABOUT THE VALUES -- OF THE MEN AND WOMEN OF NEW JERSEY. THESE ARE MATTERS THAT YOU MUST DEBATE WITH THOUGHT, AND CARE.

IN THE LONG RUN -- AT THE END OF OUR JOURNEY -- WHAT WE START TODAY WILL MEAN A GOVERNMENT THAT IS LEANER, BUT BETTER.

A STATE THAT SHOWS ITS CONCERN FOR ITS YOUNG BY INVESTING IN THEIR FUTURE, BY THE FAIREST AND MOST EQUITABLE MEANS.

IT WILL MEAN -- FINALLY -- A PROPERTY TAX THAT IS FAIRER,
AND LESS OF A BURDEN.

WE DON'T GET TO CHOOSE THE TIMES IN WHICH WE LIVE. BUT WE
DO GET THE CHANCE TO DETERMINE HOW WE RESPOND TO THOSE TIMES.

I AM PROPOSING TODAY THAT WE RESPOND WITH BOLDNESS, WITH
COMPASSION, WITH HONESTY, AND YES, WITH COURAGE, AND I'M
CONFIDENT THAT WE WILL.

THANK YOU.

Remarks Prepared for Delivery by Governor Jim Florio
Fiscal Year 1991 Budget Address
Trenton, New Jersey
Thursday, March 15, 1990

Mr. Speaker. Mr. President, ladies and gentlemen, we have come here today to begin a process -- to set out on a journey -- that will say a great deal about what kind of state we want for our children and their children.

I am not promising that it will be an easy journey, or painless. But many a journey is worth taking because of what lies at the journey's end. You might remember me talking about my grandparents in my inaugural speech. My grandparents, just like many of yours, left their homes to sail across the ocean to a new world. They didn't expect a pleasure cruise. They sweated it out in the crowded, steerage compartments of leaky ships because of what waited for them at the other end.

What waited was opportunity. And opportunity -- for us, our families, and those who will come after us -- is what New Jersey will keep on providing. But only if we are willing to take decisive action.

Let me take a moment to sketch for you what I think we all want New Jersey to look like in the years ahead.

We want a state with schools second-to-none. Turning out skilled, qualified workers and good citizens. Where we can make sure everyone gets a chance.

We want New Jersey to have clean, fresh, water to drink, pure air to breathe, and a beautiful shore to enjoy.

We want cities and towns where the American dream of owning a home is alive for our children, as it was for us.

We want a leaner, more efficient government. Run like our families run their households: spending no more than it has to; and no more than it has. But a government that is there to help the people who need its help.

We want a state where taxpayers' dollars are used wisely and are properly accounted for. Where taxes are fair and where we ease the oppressive burden of local property taxes.

A state that has built a foundation to help us withstand bad economic times.

Friends, that is a New Jersey worth having. It is the New Jersey that I pledge the government I lead will strive for.

But these goals -- these values -- will not happen in a vacuum. They won't happen if we keep on avoiding tough choices.

Today, we are confronted by harsh realities and hard decisions.

The time has come to face them. As one of my heroes -- the great heavyweight Joe Louis -- once said: "You can run, but you can't hide."

So, I want to discuss with you the steps I believe we need to take to get through next year -- fiscal 1991 -- and to make sure 1992 marks a bright, new beginning.

The budget I'm proposing for the fiscal year starting this July first is harsh.

I don't like it.

It contains measures tougher than a compassionate people should have to take. It frustrates our ability to make government the catalyst for change that I believe it should be. But, the one-shot fixes, the refusals to face reality, that went into the budget under which we now live -- the budget I've inherited -- would be shortsighted if we applied them again. And we won't.

In the past eight years alone, the size of our state budget doubled. The budget I'm proposing shatters that mold. The budget for the fiscal year starting July first, 1990, will be smaller -- not bigger -- than the one before it. This requires sacrifice. But it must be done. We have to change our ways.

My proposals will mean a real balanced budget. We have cut more than a billion dollars in spending from what was requested last year. We will continue to trim the size of state government. Except for an essential increase in the size of the Corrections Department staff, the overall state workforce will be smaller. Most of the positions we cut will be middle-level managers, not the people directly providing services.

As I've said, we have cut more than one billion dollars from the spending requests of the previous administration. Yet, astounding as it may sound, when that cutting is done, when the efficiencies are put in place, we still fall short of a balanced budget. So I am proposing that, to balance that budget -- as we must -- we raise, and broaden the base of our state sales tax.

By adding one cent on the dollar and closing loopholes, we can have a budget that is balanced. We will not, I want to add, extend the sales tax to cover such basic necessities as food and clothing.

I said this would balance the budget, and it will. Not lavishly. Not even comfortably. Far from it.

It will still be a budget dictated by the realities of a state that has unwisely spent its surpluses and failed to set

enough aside to get through hard times. School aid will increase, but not by enough. There will be fare increases for train and bus riders. Students will pay more to go to state colleges. We will not be able to afford Homestead rebates for next year.

This is a tight budget. We have no choice.

Despite the hardships this budget will require, I believe there is one area where we must go forward with renewed energy and commitment. We can't let our children's education suffer. I'm a high school dropout. I'm someone who came close to losing his way. I know the despair of almost being shut out. I know the exhilaration of learning. And there are so many children across this state who need to feel that exhilaration.

And so, even in a bare-bones budget, I want to propose three important programs.

First, no child in this state should have to try to learn in a classroom where the roof leaks and the windows are broken. I'm proposing what I call the "3Rs" bond program. It stands for rebuilding, refurbishing, and revitalizing our school buildings -- so that the proper setting exists for learning to take place. So schools become true community centers.

If we commit ourselves to this, we will provide \$600 million for 90 percent matching grants to fund school construction and renovation over the next four years. State-of-the-art laboratories; modern libraries; safe, comfortable classrooms. They will mean a lot to our children. And because we will put emphasis on facilities that also can be used by families, by the elderly, at all hours, we'll be putting our schools in the forefront of rebuilding our sense of community.

Second, we must rekindle our investment in the early years of childhood -- the years that count the most in building character and instilling the values of success. I am calling for an appropriation of \$5 million which, together with money promised by the federal government, will let us double the number of children in Head Start programs in New Jersey. No program has ever meant more to improving the lives of young children in need. No program has ever offered more benefits in social and economic gains down the road.

Third, I want to take action to make sure our state -- indeed, our nation -- is competitive with the rest of the world. I call on you to set aside \$1 million for a math-science achievement program that will help our students put themselves and our nation back in the forefront of an area where we've gone from world leaders to followers.

A million dollars isn't a lot of money, but what makes this program so exciting is that we will go to the businesses of New

Jersey in search of matching grants. I'm pleased to announce this particular public/private partnership has already been joined by Nabisco. I'm looking forward to many more corporate citizens finding ways to recognize the stake they have in our children's future. This will be the first of many such partnerships to build a better New Jersey.

Along with these proposals, I will be calling for another fundamental education change. As we have struggled to reform our schools in recent years, we have had successes. But we also have expanded state bureaucracy at the expense of community initiative. It's time to cut the red tape for our best school districts.

At times we have shackled the best school districts and taken time and resources away from helping those in trouble. Soon I will submit to you my proposals for reducing the costs in time and money to top school districts by allowing more local discretion at the same time we maintain high standards.

Our educational goal should be excellence, not mere compliance. A balance will be struck between accountability to the state and the common sense reality that in so many cases our communities know best, how to provide quality education.

As I said earlier, our job in preparing a balanced, fair budget has been made more difficult by out-of-control past spending and the failure to use past surpluses for what they were intended. We've eaten our seed corn. And, as any farmer will tell you, that's a mistake.

I have two proposals to turn that situation around.

We must institute a real "rainy day fund" along the lines of what Senator Weiss has proposed. In any year when revenues come in above expectations, the money will be set aside. It will be used in years where we take in less than we expected.

And there should be a state spending cap. A limit on the year-to-year increase in all state spending.

These actions will put us in the position to face up to reality. They will take us down the sound, prudent path of solving a crucial structural problem. The problem is this: the amount of money our state spends keeps going up -- in good times and bad. It goes up faster than our ability to pay, and that is a recipe for disaster.

For millions of people in this state, it doesn't take a law to make them spend no more than they take in. That's life. It's common sense. You can't live like a millionaire if you aren't one. My family has always lived by that simple rule, and I'm sure yours have as well.

But we haven't been using common sense. We haven't lived by the simple rules. And so we've had to take emergency steps to enable us to get through the immediate budget crisis of this very moment.

This crisis involves the fiscal year we are in right now, the one that ends this June 30th. As you have heard me say before, the budget under which we are living today is seriously out of balance. It has been reported that inaccurate, overly rosy predictions, as well as an economic downturn, have left us with a \$590 million shortfall. We're in the hole. I acted in a dramatic fashion to make sure the state didn't run out of money.

In consultation with the leaders of the Legislature, I'm prepared to cut more than \$405 million -- for this year. We've cut out state projects. Frozen salaries. Taken back state cars that never should have been given out in the first place. We're working hard to gain credibility with the hardworking men and women of New Jersey. We're changing priorities. We're putting an end to business as usual.

I know that putting this year's budget back into balance is an unusually serious problem. And I believe that leadership means setting an example. So I'm announcing today that I will take a 10 percent cut in my own salary for the rest of the fiscal year. And my cabinet will take five percent salary cuts.

I said at the beginning that what we do today will say a lot about the future of our state. So I want to make it clear that I do not believe it is proper for me to come before you today with a plan for next year, and nothing more. If we really want to make a difference we must take hold of our fate. Plan ahead. Take steps -- even beyond a rainy day fund -- to make sure that when I come before you a year from now we have gotten off the fiscal roller coaster that we've been on too long.

And we must right the fundamental wrong of our inequitable property tax system.

I want to use this office to make fair what is unfair. The way we pay for schools in this state does a disservice to our school children -- and to the property taxpayers and homeowners of New Jersey. And so I propose a bold step to help both groups.

Their futures should not be held hostage to our unfair, antiquated property tax system.

I think it's worth reflecting for a moment on just how fragile the American dream has become. Only in the past 40 years or so have we become a nation where families like ours have owned their own homes. Today, that dream is threatened.

I will not soon forget a gentleman who Lucinda and I met at a picnic in Elizabeth. He was in his early 60s -- and he was crying as he spoke to us.

It was an embarrassing moment for him -- shedding tears in the presence of strangers -- but he wanted to tell us something. He wanted us to know that he had owned a home for years; had even paid off the mortgage. And he was in danger of losing that home, because he could no longer afford his property taxes.

Property taxes have gone up 108 percent -- that's \$4.5 billion -- in the past eight years in this state. More than \$3.1 billion in the past four years alone.

That's not acceptable.

Our sons and daughters are finding home ownership beyond their reach. Many of them have no choice but to leave the state.

That's not acceptable. Our property tax system is eating away at the heart of the American dream.

And as oppressive as property taxes are for homeowners, that's how unfair they are for kids in school. Too often the quality of their education is determined by the wealth of their community. And that's not acceptable either.

It's in our hands to do something. I have three proposals.

First, I believe we have an obligation to change the way we deliver state aid to schools. I will be sending up a plan to establish a foundation level of support to provide a quality education for every child in New Jersey. If a school district can't, with a fair and moderate rate of taxation, provide that money, then the state should make up the difference.

Second, I propose that the state should pay for its obligations. Not push them on to others. I want the state to take over the cost of welfare benefits, foster care, and other social service programs now being paid by counties and municipalities. And also to take over the cost of all patients in state and county psychiatric hospitals and all other state institutions. The state and our counties now have an elaborate process for billing these costs to each other. This is wasteful and inefficient.

Third, we need new, meaningful property tax relief.

I propose that we put a lid on property taxes and provide \$400 million in relief for the people who need it most.

Under my proposal no family in New Jersey with an income of less than \$65,000 a year will have to pay more than five percent of that income in property taxes. Where property taxes exceed that level, the state will pick up the difference -- up to \$500.

The amount of money New Jersey takes in from income taxes today cannot pay for these important reforms. It won't give our

kids the education they need. It can't give our communities what they need to bring relief to homeowners from local property taxes.

And so to bring back tax justice to our people, we must make our income tax fairer and more progressive. I propose that, starting January first, 1991, the tax will be more progressive for people making more than \$55,000 a year. No one making less than \$55,000 will pay more than they do now. There will be a seven percent top rate for the wealthiest people. And three-quarters of the money raised by what I'm proposing will come from those making more than \$100,000 a year.

If we do this -- if you and I take this important step -- we will be doing much more than ever before to deal with the worst abuses of the property tax.

I know that in the weeks ahead you will debate and deliberate about what I've said today. I welcome that. In this Legislature there are many experts on these matters. My branch of government has no monopoly on good ideas.

But let me begin to respond even before you begin to consider. Some may say I'm asking you to do too much. Some may say it's unrealistic or unworkable. I think they are wrong.

I'm new to this job, but I'm not new to government. I know that real leadership means determining what is politically possible, and then doing more. I have always believed that it's only when you push at the edges that you really excel.

I want a New Jersey that keeps its commitments, and then some. A New Jersey that doesn't say no to better schools and to the dream of home ownership. A New Jersey that says yes to its future.

I'm asking that we do things differently. And change isn't always easy. I've traveled up and down this state enough to know that this isn't just about taxes and budgets. It's about the hard-earned money -- about the lives, and about the values -- of the men and women of New Jersey. These are matters that you must debate with thought, and care.

In the long run -- at the end of our journey -- what we start today will mean a government that is leaner, but better.

A state that shows its concern for its young by investing in their future, by the fairest and most equitable means.

It will mean -- finally -- a property tax that is fairer, and less of a burden.

We don't get to choose the times in which we live. But we do get the chance to determine how we respond to those times.

I am proposing today that we respond with boldness, with compassion, with honesty, and yes, with courage, and I'm confident that we will.

Thank you.