

Jon S. Corzine Archive (Governor of New Jersey 2006-2010)

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[Introductions \(p. 1\)](#)

[PANEL 1: Staffing, Office Structure & Setting Policy Priorities \(p. 3\)](#)

[PANEL 2 - Crafting and Passing the FY 2007 State Budget \(p. 22\)](#)

Governor Jon Corzine: I can't tell you how meaningful it has been to get to know all of you, to work with you—and there are a whole bunch of people who aren't here whom I feel equally great about. And I hope that these sessions that we have over the succeeding 18 months, two years, that this unfolds—that the true effort that this team put forward comes to light in a way that people recognize what, as I review it from a perspective, I'm very proud of. And everything that was good that happened was because of the people who worked in the fields for us as a team and everything that didn't work was my fault.

<laughter>

And I'm sure I'll get to hear a little of that while we're going through this and I'll live with it. Maybe I'll complain once in a while and maybe even interrupt. But we did some really remarkable things and I don't think it actually has seeded through. But today's discussion is about how we got started—the transition—which was really about people. We obviously worked our tails off to try to work on agendas in that process and a great, great man who is no longer with us—Dick Leone—deserves a ton of that credit. Heather [Howard] was pretty helpful in that, too, and there were a lot of people who worked on it. But it was not just about policy wonking. It was also about making sure we got to the right people. And I think if people are fair and you can just look at where folks are scattered around the world [now]—whether they're at Apple or they're commentators on CNN or they're Justices of Supreme Courts or other role models, teachers in great universities and others. We had quite a team and they have contributed well beyond the years. I was definitely the beneficiary of the peoplework of that transition effort.

The second part is something frustrating but a reality I think for every governor of New Jersey: we've got a real budget problem here. I think Dick Codey said it right, about six months before I came in: "We're pretty much broke." And I think you could probably repeat that today for Phil [Murphy]. I don't think it's—it's not a partisan issue: the structural challenges that come from managing the finances of this great State because of cumulative judgments and decisions that were taken have left everyone with a series of not-so-good choices. And to the unfortunate

reality of our administration, my administration, we also ended up with the worst recession since the Great Depression which turned what was already a difficult and challenging environment with regard to finances into, well, almost an impossible dream. But we all faced that with an integrity that I am very proud of. And if you go back and look at the numbers and the kinds of things we did—and we'll speak about them as we go through these various sessions—but there were real efforts to try to address the challenges. Some of our biggest successes were in the area of how we managed the finances of the State and some of the biggest shortfalls came from maybe my inability as a politician to be able to sell an idea that might have righted the ship with regard to our finances and our capacity to do the things that I think the people of the State were. I'm going to stop there, but I do want to just—I went back and read my inaugural address. I was having trouble sleeping, so I thought it was a good idea that I do this.

<laughter>

But there were a couple of things that I do want to point out and one is that—and I think this was the spirit of everyone—I called on myself and all the other people to dedicate ourselves to a spirit of service and for a belief in impartiality in how we carried forth our efforts. That our goal was to serve the people of New Jersey, not individual interests, and I believe all of you did that and I certainly hope you believed I tried. I also think that I outlined a pretty clear agenda and one we'll get to talk a little bit about here today. I'm just going to read you a paragraph:

"Today's courts govern the funding of our schools, the management of our child welfare system, our housing and borrowing policies and oversight of the management of our State's law enforcement. Our U.S. Attorney has stepped in to governance of a role of our state medical school and our state is being sued to fulfill its financial obligations for public employees."

That was what we inherited. And that was real. We were under federal monitors on damn near every aspect of how we were governing at the time we came in and there was in addition to that, whether it was \$3 billion or \$5 billion—and I don't leave it at anybody's doorstep—that big a hole that you had to fix based on how we got started. So when Brad [Abelow] and all of the folks that were involved in the finances sat down on day one to try to say, "How are we going to get a handle on all this," you have to put it into this kind of context. And I think we did some pretty doggone good things as we went through it and I'll hopefully get a chance to single some of those out as we go through these discussions.

But let me go back to just saying it was an honor for me to be able to be your colleague in this process. Most of the people here—and I actually have a great respect for the press and their role in making sure that those of us who do serve are properly challenged and if we need to see that, you can turn on any television station or read any newspaper.

<laughter>

There is a role for the estate and I'm grateful to all of you for being here and how you contributed to the dialogue as we go forward. So I think I'll stop there. I am honored that Eagleton has taken this task on. Kris [Shields] has done a pretty doggone good job of putting together a timeline and John [Weingart] you were patient with me, who didn't always return phone calls in a timely fashion. And I have to say, this is a great project that they're taking on. I think there's a lot to learn. Last comment:

Single best job I've ever had in my life is being the Governor of the State of New Jersey. Loved it and will go to my grave grateful for the people of New Jersey for giving me that chance to serve. Thank you.

<applause>

John Weingart: As you'll see on the program, the afternoon is divided in three. There will be two panels. Afterwards, there's a reception and we hope you can all stay for as much of that as possible. And we'll start this panel with Heather Howard.

PANEL 1: Staffing, Office Structure & Setting Policy Priorities

Heather Howard: Thank you, John, and thank you, Governor Corzine. I know I speak for everyone here in thanking you for your service and we're really excited to be here today to start to reflect on your legacy. We have a great panel today of folks, but I will start by saying we are, as you noted, hampered by not having some dear friends here. Of course, you mentioned Dick Leone, who chaired your transition and we all mourned his passing. There are other folks we wish could be here today with us who couldn't. Maggie Moran played such a critical role in the transition and couldn't be here today. Stu Rabner and Ed McBride, now sitting on the bench, can't be here, so...

<laughter>

...Matt [Boxer] is going to, I'm sure ably, step into those shoes. But those are quite the shoes to step into.

Matthew Boxer: They are.

Heather Howard: So we're actually hoping that you'll help us crowdsource some of this because we don't have everybody. We know this is not a shy crowd and so we hope you'll speak up, also if we get something wrong, if we forget something. Nothing is set—I talked to John Weingart about this before—this is the start and we hope people will help fill in.

What we want to do in our time here briefly is talk about how the campaign informed the transition and the setting up of the Governor's Office, and so I'm going to start with Tom [Shea] on that. And then Carl [Van Horn] we're going to lean heavily on. He was Vice Chair of the transition, and is going to talk about the

transition and the setting up of the Governor's Office. And then of course, one big theme in if you go back and look at Governor Corzine's inaugural address was ethics and setting the tone and so Matt's going to talk about that. And then there was a lot of rethinking what government was going to look like and of course that included setting up the Public Advocate, so we're going to hear from Ron [Chen] about that. And then maybe plant some seeds for the second panel and future discussions that we're going to have. So that makes it sound more formal, I think, than it's going to be, but Tom, can I call on you first to talk about that transition, how the campaign and the—

Tom Shea: Sure.

<laughter>

Heather Howard: And there was a Senate pick in there, too, right?

Tom Shea: Yes.

Heather Howard: I mean, a Senate selection.

Tom Shea: If I might, Heather, what I'd like to do is start by maybe just reminding us all and do a little bit of a scene setting about the environment in which Governor Corzine took office. And this, I think, will be a good preface, not just for this panel, but if I might take the liberty of using some of our time to prepare for my panel later on.

<laughter>

But I think it's relevant, because I think the same things that informed choices we made in the transition also ultimately informed what the first Corzine budget looked like. And so, a lot of that was both at least viewed on our part as an antidote to the political climate in the State at the time, as well as an expression of the ideas that we talked about during the campaign, but probably more importantly, the biography of the Governor and the unique skills that we promised the people of New Jersey he would bring to the task of governing the State. And so if you remember in—first of all in 2005 we were running then for Governor to succeed essentially, with the exception of Dick Codey's interim period as Acting Governor, we were running to succeed a governor who had resigned [Jim McGreevey] amidst a bit of a scandal. And I think [McGreevey] was also a governor who at the time was viewed as very much a part of the Trenton culture and the Trenton establishment. So we were very cognizant of positioning Governor Corzine—then Senator Corzine—as something very different from that. There were a series of—I don't want to say scandals, but there was clearly an awareness of a culture in Trenton of folks who might have made decisions that were in their interests first rather than in the interests of the people, whether it was office-holders who held multiple jobs and used those multiple jobs to gain multiple pensions; whether it was earmarks for pet projects for members of the legislature for organizations in which they were intimately involve; resignations for one reason or another. So there was clearly, I think, a sense—and

it was probably really brought to greater public interest because of the McGreevy resignation—but there really was this sense of this sort of culture of corruption in Trenton and we really throughout the course of the campaign in 2005 were trying to position Governor Corzine or Senator Corzine as somebody different and not from that world.

Having said that, I would also say that particularly for those who are still involved now and know what the State House press corps looks like in 201[8], the difference between now and then is extraordinary. I mean, the shrinking of the press corps had begun. The reorganization of that business had begun, certainly, by 2005, but there was still a very robust State House press corps. You know, there were several members of the State House Bureau of the Star Ledger, all with their new Pulitzer Prizes in their pockets and all looking for the next one. <laughs> And so, there was a very, very, I think, aggressive posture of the press, both in terms of their reporting and in terms of the point of view of the editorials, which also shaped, I think, how we were all thinking about how decisions would be perceived and processed through the media for the public. So, I think all of those things, particularly as it relates to some of the early decisions we made in the transition around ethics—the decision to appoint a federal prosecutor [Stuart Rabner] as the Governor's Chief Counsel—and I think there were a couple of things we did very early on that were reflective of the kinds of things we promised to do during the campaign and were in some ways reactive to that culture that I just talked about, that I think really, really shocked a lot of people in Trenton. I think Stuart Rabner's appointment certainly did. I think some of the ethics rules and financial disclosure rules that we opened the administration with caught people's attention and so I think at least in that respect, we were able to do at the onset of the administration—the beginning of the transition—to send the signal that we had intended to send through some of those very early moves.

Heather Howard: And Carl, do you want to pick up on that thread? In terms of approaching the transition and approaching the Cabinet picks and setting policy agenda?

Carl Van Horn: Sure. First of all, I just want to say nice to be at a high school reunion when everyone doesn't look all that much different than they did 12 years ago.

<laughter>

I also want to apologize to the Governor for not wearing my sweater vest.

<laughter>

A story that he may or may not recall: one time I showed up on a campus. He was giving a speech, and these students came running over to me and said, "Senator Corzine, Senator Corzine--"

<laughter>

I said, "Yes?"

<laughter>

I stopped wearing the sweater vest after that. I want to pick up on a couple of things Tom said. First of all, I went back and looked at—believe it or not I have these in my computer—the Governor's policy commitments during the campaign. And the first 12 items on here say "ethics." The first speech he gave during the campaign to a large audience, at the Bloustein School, was about ethics. And we worked a lot, spent a lot of time on that because of the atmosphere that Tom talked about. And when we set up the transition, we had a whole different idea about who should be involved. For example, no legislators, no lobbyists, nobody with obvious conflicts of interests, which again, as we were giving these speeches, I'm sure many people in this room said to us, "You didn't really mean that, did you?"

<laughter>

"You're kidding. That was just to get elected." Well, he did mean it and we tried to carry it forward as best we could. So clearly—and this is of course a Democrat succeeding a Democrat, right—so this is not the situation where you're blaming the other tribe, which is pretty easy to do, right? We're enjoying that right now in the Murphy administration.

<laughter>

So it was a fraught, difficult time, I think, for Trenton. I also went back and read the Governor's inaugural speech and in the first, I think, three paragraphs, the central theme is about public integrity. Over and over again. The legislators were sitting behind him in disbelief and agony, I'd say it's fair to say.

But that wasn't the only thing. The other parts of it—which have been mentioned, I think—clearly was to establish some fiscal sanity as best we could and then part of the other part of that equation, of course, is you've got to raise more money by growing the economy. So there was a whole strategy around economic growth. And so as we set up these policy committees—we had this wonderful acronym, they're called PMAGS, policy management advisory groups—and they were small. Contrast this with Governor Murphy's which were 500. This was more like 50 people or so total. And the specific instructions they were given, which I have here, was the PMAGS will examine how to implement candidate Corzine's core agenda, not create a new one. So this really reflected the fact that the campaign was very policy heavy. It had an excellent policy staff. Monica Lesmerises, Ed McBride, Curtis Fisher, Allison Kopicki, these are people—I had something to do with that, too—but these were people who were deeply enmeshed in the details of policy and worked very closely with the team and with the Governor. He gave a number of speeches during that period. So there was a clear agenda laid out during the campaign and the idea was to carry that forward.

And also it was designed as a roadmap for who we should be selecting to run these departments. And the Governor brought with him his experience from Goldman, which was to have a very thorough vetting process. And so we put together panels of folks who were not going to serve in government or didn't want a position, so it was not like Dick Cheney that, you know, that he found himself to be the best candidate for Vice President.

<laughter>

So they reviewed, and then usually after they'd gone through that process they would be interviewed by the Governor-Elect. So because of that process I would say it is fair to say, I think, as the Governor said, we did come up with some very—you did—come up with some very excellent people, but it also meant it took a long time. Because the vetting process can be done quickly and, you know, it doesn't take much. Or if you do it carefully, it takes longer. And back then, the best we could do for vetting was a Google search, which was sort of new. I remember suggesting that to somebody and they said, "What? You know, what are we going to find out?" I said, "Well, at least we'll find out if they're convicted of some crime that's been in the paper." So we tried to do that, but I think the vetting was more by the folks that were on those committees. And the Governor, the then Governor-Elect, interviewed a lot of people that went through that process. I can't remember more than a couple of cases where we weren't five or six deep into the process until he was comfortable with the person to nominate them for the position.

The other point I want to touch on is the economic growth issue. During the campaign I had suggested a restructuring of the government—that we needed a person who would be in charge of economic growth and create an office within the Governor's Office called the Office of Economic Growth. And I take pride in that because it was the first office Governor [Chris] Christie eliminated when he was elected.

<laughter>

So that meant you did something absolutely right.

<laughter>

Candidate Corzine then said, "Okay, Van Horn. You find a person to run it." And fortunately, I find Gary Rose, who is here today, I think. I don't know where you are, Gary.

Heather Howard: Yeah, right here.

Carl Van Horn: There he is. And he was very expensive: a buck a year.

<laughter>

And he put together a staff, an excellent staff, a terrific staff that developed a strategic plan for the state which, again, I think was carried through in many

dimensions and only interrupted by the worst recession in 70 years. But that team then being in place was able to pivot and take action during that crisis. So I think actually it turned out to be a really good thing. So, I'll stop there and I've tried to tell the truth and no innocent lies, but I think it was a very successful period and had we not had the worst recession in 70 years, it would have been a very different story.

Gov. Jon Corzine: Well, let me interject one element. You know, we also had an advantage that a lot of folks didn't have. One of those advantages is the lady to your right [Heather Howard]. But I was able to bring—

Carl Van Horn: Yes.

Governor Jon Corzine: —maybe a dozen folks out of my Senate staff who both knew me and also I knew where their strengths were and they made a huge difference...

Carl Van Horn: Yes.

Governor Jon Corzine: ...in the campaign, in supplying the intellectual framework for the idiot to go out and talk on the stump.

<laughter>

And to actually help bring strong framework to how we worked with people who were here in the State, yourself and Dick [Leone], in particular. But I think it'd be remiss not to say that transition was aided enormously by the great work that we had from people who'd already been involved with that.

Heather Howard: And I think I'll just add in that the through line is, these are issues you'd been working on—and this is going to be a little bit more unusual for you [Eagleton] writing the history of a governor who had been a senator—your [Governor Corzine's] first bill in the Senate had been to ban racial profiling, so you were coming into government having been working on those issues for years. So that's something for us to keep in mind—the seeds that had been planted in the Senate.

So I'll turn to you, Matt [Boxer]. Tom talked about the ethics and the new climate and appointing a federal prosecutor as Chief Counsel, and wasn't the selection of—you came in to work under Stuart Rabner and to head the Authorities Unit, where there was a big focus on ethics. And then the first Executive Order, which many people here in the Cabinet may remember, required significant disclosure, financial disclosures, more so than ever. And Jose [Lozano] tells me that NGA says it was the most aggressive financial disclosure and it's still in place, right? So, Executive Order #1, the work of the Authorities Unit, can you tell us what that was like?

Matthew Boxer: Yeah, absolutely. Well, you know, first off, I feel compelled to note that the ethics measures that we put in place were so tight that Stu Rabner can't be here today.

<laughter>

And now here I am, trying to pinch hit for the Chief Justice of the Supreme Court of the State of New Jersey. But that slight irony aside, let me note a few things regarding ethics and then some of the very substantive outgrowths of the Governor's ethics initiatives. You mentioned Executive Order 1. It sent a significant message to the State in that the very first thing that the Governor did by Executive Order was an ethics measure and telling all of the members of his staff as well as the members of the State Authorities throughout the State who had not been subject to these kinds of requirements that the State was entitled to know what kind of financial commitments to third parties they held and how that may be affecting the work that they were conducting on behalf of the people of the State. Tom mentioned, and I think it's a point that really cannot be overstated, the appointment of Stuart Rabner, a federal prosecutor, as the Governor's Chief Counsel. That really—and I wasn't as close to the politics, obviously, as Tom was at the time—but from what I saw, really shook the political landscape in Trenton.

Tom Shea: I think, Matt—

Matthew Boxer: Yeah.

Tom Shea: I'm sorry, I don't want to interrupt too much, but I think it is safe to say, actually, that there were some people within the State House who were absolutely terrified when they heard that Stuart Rabner was going to become the Governor's Chief Counsel. I also think that there was a similar reaction amongst lots of government contractors, board members and employees within each of the independent authorities of the state government when it was announced that Matt Boxer, also a former federal prosecutor, was going to be the first head of the Governor's Authorities Unit within the Counsel's office. So I think the combination of those two appointments was very unsettling to a lot of people within the political establishment both inside of Trenton and around the state at all of the independent authorities. So, sorry, Matt.

Matthew Boxer: Yes. No, no, please. Please interject. And folks in the room, also. Yeah, I think it took us a few months just to convince folks that we weren't there to hand out subpoenas and wear a wire and tape folks. And I mean, it sounds funny, but that is very much what people were thinking at that time.

Carl Van Horn: And perhaps deserved to think.

<laughter>

Matthew Boxer: Right. I still have all the tapes that I made <laughs>.

<laughter>

But, you know, it did take a few months to give people a sense and a comfort that we were there to govern, first and foremost. The Authorities Unit specifically was an area that I think had—there was really a sea change based on the Governor's push that started in the campaign long before I was ever involved to shine a light on what the Governor correctly recognized was the hidden government in New Jersey. As the Governor mentioned, the State government had no money at that time. The State Authorities did. That's where all the money was being spent. And nobody had any idea what was going on there until Jon Corzine became governor and said, "You know what? We're going to shine a light on this. We're going to give people a sense of what's going on at these State Authorities and how this is working." I remember some of the early weeks I had in that job where I would get calls from the State Authorities—and remember, I'm a senior staffer in the Governor's Office. I get a call saying, "Who do you want us to hire to be our engineer? Who do you want us to hire to be our lawyer? You know, in the past there was a list. You guys would go down the list as to, you know, who would be the—whoever had most favored nation status and you'd let us know." And from Jon Corzine to Stu Rabner on down, we were all adamant: we're not doing that anymore. And that really was a sea change in the way that things had been run.

Heather Howard: And UMDNJ was a big focus early on, too, right?

Matthew Boxer: Yes. That was another—I mean, as I recall the issues, as we sort of move from campaign mode and transition mode to governing mode, I think the feeling as I recall on day one or so was UMDNJ was probably the first issue that needed to be dealt with on a very near term—emergent, really—basis, that needed to be handled right to give the folks of the State confidence that we knew what we were doing and that we could handle these things effectively. As Tom was saying before in terms of setting the stage, the U.S. Attorney's Office had shortly before we came to Trenton had marched into a meeting at UMDNJ and said, "You guys are going to appoint a federal monitor or you're going to be indicted." And as a result, there was a monitor appointed and Josh [Margolin] and others from the media were finding and reporting about a steady stream of issues there as we were coming on board. And the folks who were there overseeing all that were still there on day one of Governor Corzine's administration. And that's something that had to be dealt with—had to be dealt with quickly, and it was. And it wasn't too far into the administration that the monitor was then, you know, then came to an end. But those UMDNJ personnel issues were something that had to be dealt with quickly and the President of the University—there was a severance package that was negotiated. He was moved out and Bob Del Tufo, a former New Jersey Attorney General, was made Chair of the UMDNJ Board, all in an effort to get the ship righted there.

Heather Howard: So then another focus, as was mentioned, was rethinking government. And we know Governor Corzine came in with many progressive ideas and one of those ideas was really implementing—standing up the Office of the Public Advocate, right, Ron? Am I getting that right?

Ron Chen: Department.

Heather Howard: Department of the Public Advocate.

Ron Chen: It was a principal department.

Heather Howard: And, and also finding—this thread about getting outside of Trenton and finding people for cabinet positions; picking an academic was an interesting choice in—

Tom Shea: I think we tried to do—Sorry, Ron, before I let you talk—but we tried to do that in a number of different ways.

Heather Howard: Yeah.

Tom Shea: And one of—I seem to recall that during the campaign—I mean, now it would seem very quaint—but we had something called the Corzine Connection, which was sort of a grassroots that Blair MacInnes was very involved with during the campaign, and we tried to use that network to bring people into the process who might not otherwise have sought out jobs in Trenton or have been considered by previous administrations. And we also established during the transition an online portal where any citizen of the state could apply for a job. And we actually found Greg Paw, who became the Director of the Division of Criminal Justice within the Attorney General's Office in the Department of Law and Public Safety through that process. He had been a former federal prosecutor. He had been involved with the federal military in prosecutions related to the Iraq War, as I recall—the first one—and we actually—his resume came in over the transom and he wound up being the head of the Division of Criminal Justice. Again, another one of those decisions that probably was really unsettling to a lot of people.

<laughter>

So we did try to come up with some unique ways to get people who otherwise would not have been involved in government and politics in New Jersey and public service, to give them an opportunity to be considered for some of these positions—as well as, as Heather said, reaching out and bringing in folks from academia to head some of these departments as well.

Heather Howard: So something that was really exciting, as Tom said, was bringing you in, Ron, and standing back up the Public Advocate. Can you tell us about that?

Ron Chen: Well, first, it's great to see everyone again, all these smiling faces. If I were to describe to you the expression that many of you had when you first met me 12 years ago, it was a little different. And I mean this nicely. It wasn't me, personally. Most of you had never met me before in my life. But it was because there had not been a Department of the Public Advocate in 12 years. You might meet other people, the designated Commissioner of Transportation—but you at

least knew what the Department of Transportation did and there were certain ways in which parts of state government could relate to each other. But you didn't have that with the Department of the Public Advocate.

I had sort of three or four objectives coming in. I will illuminate. One is that I wanted to make sure I didn't disgrace myself and be thrown out of Trenton within six months, as was occasionally predicted by some of my harsher critics. I accomplished that. Then, obviously, there is just the mechanics of building up a principle department, what at least in theory is a principle department, of state government, limited to 20 under the State Constitution, that had not existed for 13 years. So, I mean, having come from and of course returned to an institution of some complexity such as Rutgers, I had some experience with this, but we all know that Trenton has certain ways of doing things, certain language that I'll admit it took me a while just to understand. "In but not of," what is "in but not of"?

<laughter>

Everyone was telling me, "You have a Division of Administration? Where's your Division of Administration? Everyone else has a Division of Administration." When I said, "I don't really think I need a Division of Administration," it was like I was declaring some heresy. I think it was the first time that a principle department went without a division and the Department of the Treasury, Brad Abelow, and I signed some agreement which was considered revolutionary. I was pretty mindful of the fact that the Department of the Public Advocate, while it had a long history in New Jersey had not been in people's minds for quite some time. You may remember, in theory, the Public Advocate in New Jersey, the statute then, now and again and maybe who knows, in the future, created a very unique entity: someone who actually had the power to sue his boss. Every so often I would think of this caption, "Chen vs. Corzine."

<laughter>

Which I never did! But which to his credit, the Governor said, "If you think that's what you have to do, do it." I don't think he would have been—

Gov. Jon Corzine: Pleased.

<laughter>

Ron Chen: Right. But he was always very respectful of the role that the Public Advocate was supposed to play.

The other thing I was trying to think of is that, with the obvious other exception of the Attorney General, the Public Advocate is by definition the one lawyer in the Cabinet. Although there are others of you who are lawyers, by definition that was part of the job and sort of part of the role, to define how the legal system and public policy interact to each other. As the Governor said in his opening remarks, New Jersey has a history in that regard and not all of it always welcome by all

corners. So I could sense, "Oh, my. What is he going to do? Is he going to charge up on affordable housing and school funding and maybe throw in a little Megan's Law to boot?" And then I would have lasted six months. On the other hand, obviously, I wasn't interested in developing—being the best public advocate about the law of flower arrangement, so I wanted to pick something that was meaningful and impactful. At least—and I'll say this in all candor—I had perhaps enough residual political savvy that I was—in the first term, I was planning/relying upon what I think all of us were relying on, which was the possibility of a second term. So I didn't think it was necessary to charge up San Juan Hill with a lot of the issues that, frankly, I might have undertaken later on. One of them I eventually did at the Governor's behest, which is the policy on immigration and immigrants policies which to this day, I play a part in in my new role, my later role. The initial one that I took on, you may remember—because it sort of hit the correct balance between something that was on people's minds but perhaps didn't think that I was going to try to take down the entire system—was the use of eminent domain for redevelopment. So I put my academic skills to use, came up with State Constitutional arguments before the State Supreme Court, and it really worked. There are members of the redevelopment Bar who I meet to this day who blame me for the economic downturn. I don't think I can take credit for that.

<laughter>

But the fact that redevelopment slowed—which was due to a lot other things—but because the Public Advocate took that issue on, it had some immediate effect.

The other things that we took on—some of it was random because they were thrust upon me. The Public Advocate had the Division of Rate Council. I'll tell you, going in I knew nothing about utility law and rate-making, but I had to deal with a proposed acquisition by Exelon of PSE&G. Ralph Izzo is not here today. So we played a role in that and I was trying to sound very knowledgeable and confident, but I will tell you this was something about which I knew absolutely—at least initially—nothing, but reached a result actually. So as you may remember, Exelon did not acquire PSE&G and all the progressive organizations were actually commending the Governor, various policy people and the Public Advocate for causing that result to occur.

The other issues that I—I picked up what I thought were a few "safe" issues. Childhood lead poisoning, who could be in favor of it? But, <laughs> there's always something about what it's going to cost. And there of course, like all of us, the Public Advocate always had to worry because of the state budgetary crunch. You can advocate for all sorts of things but the minute it costs more than a few cents, then there are some obvious political implications and probably where I had the most interaction with you all was something which everyone agreed was a great idea but who's going to pay for it. So I received a huge education myself. Those of you in this room who interact with me at all will laugh at the fact that now that I am back here at Rutgers, back in academia, they consider me to be, like, a political insider savvy. Hopefully, I'm somewhat in between, but I view my experience in Trenton as a highlight of my career and it really taught me the way this State works, and sometimes the way the State doesn't work.

Heather Howard: Thanks, Ron. And just while we're on this sort of idea of reshaping government, I think we'd be remiss if we didn't mention that also in that first year, Governor, you created the Department of Children and Families. You mentioned earlier in the face of getting us out of the litigation and the court monitoring of our Child Welfare System. Also, one of your early Executive Orders created the Office of Homeland Security and Preparedness. By March, you had done that and you brought together the Emergency Preparedness and the Homeland Security and the counterintelligence work. And in the theme of picking, Tom, outsiders, Dick Canas who came from the DEA and wasn't he also maybe a spook? I don't know. Was he CIA? There was always that--

<laughter>

Tom Shea: We're not allowed to say.

Heather Howard: Not allowed to say, okay.

<laughter>

But he had some interesting holes on his resume, right, where he'd been doing some interesting things.

<laughter>

So you brought in Dick Canas and of course I want mention Jay Notes was another one of the nontraditional people who we pulled up to Trenton. So, those are structurally—I think we want to remember to think about creating the new departments and restructuring. Do you want to say something about that?

Gov. Jon Corzine: Well, I think that the unique challenge that we had as an administration is we were all ambitious on social justice—improve the lives of all New Jerseyans, not just those that are doing well—in an environment where we didn't have two nickels to rub together. And we needed to be able to organize in a way that was more focused on that. And so that tension went on not just in the transition thought process, but it was an everyday reality. Listening to Ron talk, I remember the first three months he was there he couldn't get an office and he couldn't get a secretary. <laughs> The poor guy was being asked to do unbelievable stuff. I thought he was going to sue me.

<laughter>

"How the hell am I supposed to do this job? I got no people, no office," and it was actually— And I don't know—it was probably Brad that wasn't giving him any resources.

<laughter>

But the reality is those tensions that we had right from the start—And it wasn't because people were angry with each other. We just had limited tools to deal with a

lot of the agenda that we wanted and we needed to make sure that they rationalized. And so, I think you heard a great presentation of how we came out of the transition, but I'm going to go back to—you know, I just look at the people that are sitting on that dais and I feel really good about our administration and how they—ours, not mine, ours—how we put the right people in the right spots to get a lot of great things done, and this is indicative of it.

Tom Shea: You know, I would say, too, Heather, one of the threads that runs through the conversation—and we might have sort of touched on it but I just wanted to say it more pointedly—is that both in terms of what we talked about in the campaign and how we approached the governing once in office and the thinking behind what Matt talked about when he called around to the Authorities Unit and they were all expecting to be given a directive about who would be the law firms, who would get the bond work, which PR firms were you allowed to hire, you know, and they were told that that wasn't something we were going to get in. Or whether it was with Ron, as Ron alluded to, not being directed by the Governor's Office as to which cases he was to pursue. I think all of that, the common thread about that that defined our approach, at least as we saw it, is that we were very cognizant of the decisions that we made not being viewed as business as usual or the way things had historically been done in Trenton, and we were very conscious of creating processes and making decisions that were made on the merits rather than on the politics. And particularly—we'll talk about it a little bit later—but that was particularly the case where we were talking about the expenditure of taxpayer dollars, whether it was through the government itself or through rate-payers or, you know, at one of the independent authorities. We were very cognizant that we were going to create merit-based systems and processes for making those decisions, particularly as it related to the expenditure of moneys.

Heather Howard: Speaking of that, though, Tom—remind me, didn't we also—didn't the Governor agree to cut the size of the Governor's Office?

Tom Shea: Yes.

Heather Howard: Maybe we ought to mention that. <laughs>

Tom Shea: If, as John [Weingart] said earlier, being Governor is the best job in politics, I would posit that being Chief of Staff to a Governor is considerably lower on the ranking.

<laughter>

Heather Howard: Do you want to comment on how you structured the Governor's Office? Because interestingly, this three deputy chiefs of staff [structure], which we now know and is the norm and I'm looking at one, only one is here in the room now, Patti [McGuire].

Patti McGuire: Had I known this, I would have never taken the job.

<laughter>

Heather Howard: It's the norm now, but it wasn't the norm then and I think you set that up. Do you want to talk a little bit about how you approached setting up?

Tom Shea: You know, I have to think back. I think—

Heather Howard: Jose [Lozano] remembers. We were talking about—you set up cabinet affairs reflecting some of your experience at the federal level.

Tom Shea: We did. You know, I'm trying to think back. First of all, what we haven't touched on—the thing aside from setting up the government that we spent a lot of time thinking about and deliberating about was that when Governor Corzine was elected, he was then faced with the task of appointing somebody to fill his seat in the United States Senate on the day he was sworn in as Governor. And so, I recall spending a lot of time thinking about that and worrying about that and then some initial time recruiting some people who we wanted. So I, you know, I seem to recall that for whatever reason and anybody can correct me if my recollection is not correct, but I feel like bringing in Jeannine LaRue as one of the deputy chiefs of staff was really a byproduct of the Corzine Connection and that outreach work and we wanted somebody in a very senior role within the front office who was going to be able to continue that kind of outreach beyond the usual suspects in politics. So I do recall—I think at that point there may have historically only been two deputy chiefs in the front office. I'm not sure what Codey had done or what McGreevey had done. I know Governor Florio only had two and I believe that was also the case for Governor Whitman, but I'm not sure. But we were very conscious about the need to have a senior person in the front office who was going to be focused more on things outside of Trenton. And then, of course, one—because the Governor had not been in Trenton before, then we obviously wanted somebody like Patti McGuire who was going to be very focused on the legislature. Again, not as a director of legislative affairs, but as a deputy chief of staff in the Governor's Office. So I do think we spent some time thinking about the structure and we changed it based on what those priorities were at the time.

Heather Howard: Carl, you're a veteran of a number of transitions. What haven't we talked about that we should hit on?

Carl Van Horn: I am a veteran. I used to be 6'5", now I'm 5'10".

<laughter>

Well, they're all different but I think, Tom said it at the beginning. I think it's always context-specific and whoever's the Governor and it reflects their point of view. I think it absolutely was in our mind that we wanted to leverage the Governor-Elect's terrific experience in the business community so that we could—and then build a staff around that. One of the things that we haven't mentioned is—where I think that Governor Corzine was prescient was in focusing on urban revitalization and not just rhetorically, but also in policy terms. So in the very beginning of the

administration, we started focusing on that and building a strategic plan around that and then, of course, with the help of the legislature passed an urban hub tax credit program, that Gary was very involved, in to develop transit oriented opportunities. And to this day—I mean, it was expanded somewhat towards the end of his term—but to this day, you can see the results of that all over the state. Here in New Brunswick, where I spend most of my time, all around the train station you see huge development, all brought about by incentives of the right kind. And I should also mention that, just while I've got the floor, I was the Chair of the Economic Development Authority. And the first meeting a reporter came up to me afterward and said, "Which of these that you just approved are campaign contributors to Governor Corzine?" And I said to him, "I have no effing idea and I don't care. And I understand why you're asking that question but I don't expect you'll ever have to ask that question to me again." And during the time when I was working for the Governor, there wasn't a single time when he ever asked me to do anything with respect to those decisions or chided me for making the wrong decision. Because when he interviewed me for the job, he said, "Do what you and your professional colleagues thinks is best."

Tom Shea: Carl, can I interrupt you for one second, because if I can remember this correctly...

Carl Van Horn: You called a ton.

<laughter>

Tom Shea: That never happened. Fake news.

<laughter>

Fake news. And I don't know if he's going to remember, and I don't remember the details, but I know it was a decision that we were making in the Governor's Office that had political implications but we were actually having a conversation, the Governor and I, and somebody else, and we were having a very thoughtful, substantive conversation about how we should make this decision. And at some point in this conversation, I butt-dialed Josh Margolin who got a voicemail with this entire conversation on it. Do you remember this? I don't remember what the subject was, though.

Josh Margolin: Matthew's voice was really the only one that was discernible. I couldn't hear the Governor's and you only weighed in at some point and then it went dead a half hour in, so I used that as a chit to get a better story.

<laughter>

But it seemed like it was very high minded.

<laughter>

Tom Shea: And it was not a set up at all.

<laughter>

Josh Margolin: Well, from your voice the next morning, it didn't sound like it was a set-up.

<laughter>

Gov. Jon Corzine: I always knew there was something going on like that.

Tom Shea: Sorry, Carl. <laughs>

Gov. Jon Corzine: Heather, I do want to make one other, well, two observations, if I can remember the second one. The first one, though, is in the transition, one of the things that was absolutely repeated, and I'm not trying to say this, although Ruth [Mandel] will, I think, attest to this. We wanted to get a very diverse Cabinet and we wanted to get women into positions of authority—on merit, not on any other basis. And in the same way we felt about ethics, we felt like we had to open up the avenues of opportunity for people and that was something that—I think, Carl, you knew that if you came with a list of people that were all white males with sweater vests and beards, they were probably not going to work as we went forward.

And the other thing is that I think there was a desire, also, to make sure that people were going to be reasonable teammates with each other. You know, it's hard enough to govern when you have different branches of government that have different routines and I remember having this conversation with Dick Leone regularly. We got a—you know maybe I'm not the best at this, maybe you are, maybe we'll have to work on it. I know Tom and I had this. We had to get the chemistry of this right because this is a marathon. It is not always going to be pleasant. We found that out real fast. There were a lot of challenges. If you don't have the chemistry of the people right—And then as opposed to my experience where you grow up in an organization, you work there for 20 years and, you know, the people that don't have right chemistry somehow seem to fade, here you're putting everything together at once. And we didn't do that perfectly, but we were attendant to that and we were, I think—and I'm proud to see that Governor Murphy has taken this even a step further—I think there is a real attention to making sure that the administration looks like the people that we are trying to serve.

Heather Howard: Matt, do you want to say something on that?

Matthew Boxer: Yeah. One other issue that we haven't touched on that I think is an important one and I can work in my other former job, is that one of the topics that was really a thrust to the Governor's campaign was creating an Office of the State Comptroller. And I wouldn't want to end the session here today without referring to that. And after the election, obviously, the Governor succeeded on creating the office and standing it up. I think one of the important recognitions of the Governor's that was reflected there was that a large percentage of expenditures in the State happen at the local government level. And historically there really hadn't been from the State itself any concerted effort; there was sporadic efforts,

I'd say, but really no concerted, consistent effort from the State itself to really look over all that spending and see whether it was wise, whether that money was being well spent. And I think that's another—and so the creation of that office that had specific authority to oversee not only what State government was spending, but the State Authorities, the towns, school districts, right down the line is another lasting legacy from the campaign that I think will bear fruit in the years going forward.

Heather Howard: Thank you, Matt, and I think that's a good point because I want to highlight that we're anticipating, as John Weingart mentioned, future panels that'll focus on issues like infrastructure, ranging from—you mentioned asset monetization—but the tunnel, which is something you had been working on since your time in the Senate and you'd secured funding for that, and school construction. Another panel probably on the general progressive—

Tom Shea: Heather?

Heather Howard: Yes.

Tom Shea: Sorry, before you close, I think Brad wants to say something about the other point.

Bradley Abelow: I want to ask a question, not say something.

Heather Howard: Well, I'll just finish this thought and then I'll turn it to the crowd.

Bradley Abelow: Please.

Heather Howard: Another on the school funding formula, obviously and another that will harken back to your inaugural speech. And then finally, a number of progressive victories including the abolishment of the death penalty and we say it wrong, paid family leave or family leave insurance, so a number of—But I did want to open it up in the nature of crowdsourcing, what have we missed? Brad?

Bradley Abelow: No, my question is to what you all have been talking about. So both as it relates to ethics and to diversity and extending that to when it came to prosecutors and judges and insisting on greater diversity of appointment there. These things had enormous cost down the hall and so as you all were thinking about this in the early stages, were you cognizant of how great the costs were going to be in our relationships with the legislature?

Patti McGuire: Who are you asking?

<laughter>

No. No. Bill Castner? No. Dave Rousseau, no. Did we do fine? Yes.

Ruth Mandel: Remember to say your name before speaking into the mic.

Heather Howard: That was Patti McGuire. <laughs>

Patti McGuire: It's Patti McGuire. And the answer is no, no, no. But Tom Shea, we got it done.

Tom Shea: In all honesty, I would say we were obviously not unaware; however, and this will be very much a part of the conversation about the budget. We very much, and I'm certain for a fact that it was viewed as arrogant by a lot of people down the hall, but our point of view was that Jon Corzine had very specifically been elected by the people of New Jersey to do things differently than they had historically been done in Trenton. And we felt very strongly about that. We felt like we had the moral high ground when it came to that argument and I think absolutely we made some decisions that ruffled feathers down the hall because we took that point of view, which certainly was perceived as arrogant. It may even have been arrogant, but we felt like that's what we promised people we were going to do and we were going to do that.

Patti McGuire: So it's Patti McGuire again and I'm going to end it so that everybody just gets to know how good it was.

Tom Shea: Patti always says that.

Patti McGuire: I can tell you that I spent days in Dentist [Gerald] Cardinale's office on judgeships. Days, not just a day. That should tell everyone here what arrogant was like.

Heather Howard: Fred, do you want to say something?

Dr. Fred Jacobs: Yeah, hi. I'm Dr. Fred Jacobs. I was Commissioner of Health and Senior Services. I wanted to go back to the UMDNJ issue because commissioners sit on the board of UMDNJ ex-officio and I was there that day when [then U.S. Attorney] Chris Christie walked in with his staff and told us that unless you signed this deferred prosecution agreement, there would be an indictment and because of the indictment you would no longer have any Medicare funding. In other words, if you didn't sign it, the Hospital would close the next day. University Hospital in Newark would close the next day. And you would think that that was a pretty simple decision to make but in the session that followed, it was far from unanimous. There were people on that board who didn't believe him, who felt that they wanted to "call his bluff." And Bob Del Tufo, I think, really took a very great leadership position by outlining how clearly how big a risk that would have been, that had we voted the wrong way what would have happened the next day was just inconceivable in terms of the health care of the City of Newark, the political aspects of the city, all of it. It would have been terrible. So it sounded easy, you know, the feds come in, they say you're going to be indicted unless you do this and everybody does it. That was not how it went down at all. There finally was a vote. It was closer than you might have expected it to be. But there it was.

I wanted to make one other point because everybody up there's been so serious. See, I wanted to talk about the sense of humor—somewhat distorted—sense of humor that the Governor had. So this is a very, very quick anecdote. I was—

Tom Shea: This Governor?

<laughter>

Dr. Fred Jacobs: Yeah, that's why I said it like that. I was in Atlanta, Georgia. It was September 12th, 2006. And I was in Atlanta even though there was a travel ban because the Department was getting a national award for our Rapid HIV program. And there I was and the phone rings and the secretary says the governor was on the phone. Gets on the phone and starts singing "Happy Birthday" to me. That's how I knew it was September 12th, because that's my birthday for those who need to know that.

<laughter>

And he sings "Happy Birthday" and I'm really touched by this. I also told him don't give up his day job because the Metropolitan Opera probably wasn't going to call. And he says, "There's going to be a hearing on needle exchange which is going to occur in the Senate Health Committee on Monday and I want you to go testify for that." And I said, "Well, you know, here's the problem with Monday. I promised that I'd be down at Burdette Tomlin Hospital in Cape May Court House because I tried to go there twice and for some reason it didn't work out and now the doctors are cancelling their office hours. They're going to be there. [Jeff] Van Drew is going to be there. Joanne Carmosino, the CEO, is really looking forward to it so I have to go." He says, "But there's this hearing on Monday and I want you to testify for it and I'm the Governor." And I said, "And you know, I know that and because of that I can't tell you how bad it makes me feel that I can't do this." "God damn it, I'm the-- I want you to testify at this hearing. What's the problem?" I said, "Well, I got to get from Trenton to Cape May Court House by noon." He says, "Well, what if I fly you down in my helicopter?" I said, "Well, you know, I'm an aviation nut. That sounds like a plan to me." He says, "Okay, you go, you testify at the hearing. Go out to the airport, they'll fly you down to the hospital." Great. So I go and I testify. Jay Jimenez is with me, he's Chief of Staff. We go out to the airport and there's not a State Police helicopter, there's a private helicopter and the guy says to me, the pilot, "I've been flying for Jon Corzine for 18 years," so and this is a nice helicopter. So we get in the helicopter. We fly down to Cape May Courthouse. He lands on this little postage stamp on top of the building. We get out and the helicopter takes off and flies away.

<laughter>

Jay says to me, "Where's the helicopter going?" I said, "I don't know." He said, "What did the Governor tell you?" I said, "He would fly us down to Cape May Court House."

<laughter>

And that was it. So we had to call the Department, send the driver down the three hour trip to pick us up. He thought it was the funniest thing since sliced bread.

<laughter>

Tom Shea: That's an expensive trip, Fred.

Dr. Fred Jacobs: Yeah.

<laughter>

Yeah. We got needle exchange.

<laughter>

Gov. Jon Corzine: We got needle exchange.

Heather Howard: We did. It's hard to top that. I want to be sensitive to time. Do you need us to wrap up?

Jennifer Bognar: Yes, I think we'll have to wrap up in a minute to change the panel, right?

Heather Howard: I think this has been a great discussion and really do—This is just the start and I hope this has gotten everybody's juices flowing so that we can follow up. So please join me in thanking the panel. Thank you.

<applause>

PANEL 2 - Crafting and Passing the FY 2007 State Budget

Tom Shea: So this panel, as you see in your program, is on Corzine's first budget as Governor, the 2006 Budget, which, as we all recall, resulted in ultimately in the shutdown of the state government, and subsequently an increase of one cent in the state sales tax. so I want to thank all the members of the panel for being here. Brad Abelow, obviously, was the first State Treasurer. Dave Rousseau and Bill Castner, who you might all know as a Corzine Administration State Treasurer and a Chief Counsel to the Governor in the Corzine Administration, are actually here as the staff representatives of the Senate Democratic Caucus and the Assembly Democratic Caucus in the 2006 budget fight. So even though they were subsequently Corzine Administration officials—

Bill Castner: We were on the Red Sox; we were traded to the Yankees.
<laughter>

Tom Shea: So they're going to give us some perspective from before they crossed over to the right side. <laughter> And then because that budget fight was such a public spectacle, we have Josh Margolin here, as well, who was with the *Star Ledger* at the time—thanks, Josh—who will give us some perspective on how the fight was perceived and played out in the newsrooms and how it was covered by the State House press corps. And then Patti [McGuire], of course, as she just told you, led our negotiations with the State Legislature, which she was very happy to have done! <laughs> And was grateful for the opportunity to serve. <laughter>

Governor Jon Corzine: How many times did you try to resign? Everyday? <laughter>

Patti McGuire: At like 6:00 a.m. in the morning on the 12th day, yeah. And I think I cursed Bill Castner up and down all the time.

Tom Shea: So just by way of reminder, a little bit of—I feel like I need to apologize to Bill Castner before we even start. <laughs> Because this did become such a big fight, and he was on the other side at the time. But if we're going to be truthful and honest about what happened, then we have to tell it from our perspective. So I think the climate that we were in, as we talked about at the beginning of the last panel was one not only in which there was a perception of a climate in Trenton that wasn't working for the public. And that related, as we talked about, to a lot of ethical issues, pay-to-play kind of issues, government contracting, those sorts of things. But it also was evident in the State budget. And sort of these recurring fights that were happening over the State budget each year due to a lack of resources to meet the spending needs of the State. And as with the ethics issues during the campaign in 2005, we were very clear about positioning the Governor, or the Senator at the time, as someone who was going to take a brand new approach to budgeting issues in Trenton, obviously playing up his experience as the Chief Executive Officer and Chairman of Goldman Sachs as a credential to point to his ability to do that in Trenton.

So our primary focus on introducing the Budget, and I'll ask Brad [Abelow] in a moment to lay out some of the decision making and the thoughts that went into the initial budget proposal that we presented to the legislature in March. But our broad strokes thinking was that we were going to present a budget that matched recurring revenues with recurring expenses rather than using one time only revenues or gimmicks—rather than using, say, lawsuit settlement funds, or raiding independent agencies and some excess funds that they may have lying around, which was money that might help fill the budget gap in that particular year, but wouldn't be available in the next year in the same way. And so we were very focused on introducing a budget that matched recurring revenues with recurring expenses.

In order to do that, in our view, we needed to raise the sales tax by a penny, which raised about 1.1 billion dollars of what was a 4.5 billion dollar shortfall in, I think, was probably about a 30 billion dollar budget in that particular year. I think it grew to 32 or 33 later in the Administration, but I think that year it was about 30 billion

dollars. So that was our primary focus. We felt very strongly about the budget as a demonstration of the things we promised the people of New Jersey Jon Corzine would do as Governor. We felt very strongly about it. And so I will say that I think there probably were two things at play. First on the merits, we thought this was the right way to approach the State Budget and we felt very strongly about that. We felt it was different than what had been done before. We felt very strongly about doing something that was different than what had been done before. I think that was our primary focus, that we were going to pass a budget that we thought was fiscally honest. But it would be dishonest of me to not say that there also was a political subtext of that, which I would say was secondary, which is as a new freshman Governor who had come in from out of town that, you know, if you get pushed around by the legislature the first time you have a fight with them, then you're going to get pushed around by the legislature every time you have a fight with them. And so I think that was a little bit of the backdrop. I think primarily we were very focused on the integrity of the Budget, and the process that we went through, and the proposal that we made. But to ignore the political subtext would be, I think, intellectually dishonest. So that, I think, is sort of the framework of where we started or where we were coming at it from. And I think I'll ask Brad to talk about the initial proposal that we offered in March, and once we do that, I think this conversation is—there's so much territory to cover in this conversation that I think it will flow pretty freely, but if we could start with what the initial proposal was.

Bradley Abelow: I think we should keep the background to a minimum. Tom has actually covered a lot of it. I think that one of the further complexities that we faced was the expectation was the Governor with his background, to some extent, me and some of our other advisors would have magic, you know, that would help us to get out of this <laughter> problem without pain. And of course, the reality is you spend what you spend, and that's what you can cut from, and every dollar that's spent is important to someone. And the ways that you can raise additional revenue are also kind of known and limited and they, by the way, have their own pain associated with all of them. And so the principles that I think came up earlier that the Governor talked about were what was reflected in the budget, and Tom talked about being, you know, trying to match—this idea of matching recurring expenses with recurring revenues. Not borrowing money to cover the current expenses. And trying to be as efficient as we could. That's really hard to figure out, by the way, in like 30 or 60 days. And all of your friends in the Cabinet, some of whom are sitting here today, not so friendly when you're asking them for ideas as to how they could spend less money. <laughter> That's not what anyone came to Trenton to do. It's to do things that matter in people's lives. So that budget—also we did everything we could as we tried to at least demonstrate that we could reduce spending in some areas to do that in a way that it protected New Jersey's most vulnerable and allowed a progressive agenda to move forward. That needle is really hard to thread.

I would say we also spent time trying to talk to the public about what was in the budget. I think it's not well-understood. I came to think of it as just a giant recycling machine that the State takes in 30 billion dollars of revenue and most of that goes right back out to municipalities in the forms of grants and to support

education. So when you talk about cutting, you're kind of chasing your own tail. And I think that was not well-understood. The governor engaged in a series of Town Hall Meetings. He dragged me along to a number of them. I remember it well sitting on bar stools trying to explain this, and the governor's idea of a Town Hall was not typical, I think, of most governors. So that meant no selected audience. No pre-arranged questions. Everyone can come, ask whatever you want. My favorite was—and I should probably stop with this—sitting for like an hour-and-a-half on this stool next to [the governor] answering questions. He finally looked at me. He's cursing at me. "You got to say something!" "Well, I don't think they came to ask me questions." So I finally answered a question, and he got up and said, "What Brad meant was—" <laughter> And I do think, though, that plays into the rest of our conversation. Most of you know the governor pretty well. He actually understood the Budget in an extraordinary level of detail. And I think that was something that was unfamiliar in Trenton, and affected all of us who worked with him, and everyone down the hall as went through the process. So, I'll stop there, Tom.

Governor Jon Corzine: Can I make a—

Bradley Abelow: See? <laughter> Some things never change!

Governor Jon Corzine: What Brad meant to say.... <laughter> I think, actually, if we're intellectually honest, though, we wanted to have recurring revenues match recurring expenditures. We weren't perfect at getting there. And I don't want anybody to think we're holier than thou, that we never, ever didn't tap into funds that we found. And as the season went on, as we got into 2008/2009, we had absolutely no choice. There were no recurring revenues. They were gone. And so this was a tough process. That's why it was so important to actually have revenues come in at the start of this thing, because you had no chance of moving into a situation where we should be recurring revenues, recurring efforts. That was the theme. But I don't want anybody to—on film or otherwise—to think that we knew that we were being perfect about that. There was some carving of the edges, because we had to! We couldn't get everything done that we needed to be doing, first bite.

Audience Member: Is that what you meant to say, Brad?

Bradley Abelow: <laughter> Exactly!

Tom Shea: So you know, I think, at the time—again, for context, right? There had been, in the previous year, a budget fight between the Democrats in the Senate and [Richard] Codey, who was both Acting Governor and Senate President at the time, and the Democrats in the Assembly. And so there was additional political tension within the Democratic Party between the two Houses of the legislature. And I'd like to ask David [Rousseau] and Bill [Castner] to talk a little bit about the dynamics between the two Houses of the legislature at the time, one. And then two, the initial reception of the governor's proposal in March. The actual proposal, you know, the budget proposal itself, and the ultimate shutdown or the budget deadline—there was about 100 days or more between when we proposed the

budget and the June 30th budget deadline. So we can talk through a little bit about how things changed as we went through that time period. But I'm curious if you guys could talk a little bit about both the relationship between the two Houses, and then how the initial budget proposal was received in the legislature.

David Rousseau: I had the distinct pleasure of being—Bill and I both had the distinct pleasure of being in the front lines of both of those battles. And in 2005—and I think this was what led to Dick Codey being more aligned with the governor than [Assembly Speaker] Joe Roberts at the time—is Dick Codey went through that same thought process in 2005 in the Budget, about whether to cut rebates or raise the sales tax. Dick Codey ultimately went with cutting rebates, because he actually thought that was the harder political move and that he would fall on the sword for that and then leave the sales tax for the future. Little did we know that the Assembly, who was running for that year, because the Assembly wasn't, the rebate issue was a big issue. And then also, little did we know that a gubernatorial campaign that we thought we were helping would join in the sidelines and say, "Oh, no, you shouldn't cut rebates!" You know, and that was a little bit of the miscalculation there. And so I think that that led to when—you know, and now basically what it came down to that year in 2005, I think it was just cutting rebates or not cutting rebates. Look, I mean, the other dynamic here, and it's the elephant in the room right now in New Jersey politics, is as every year went down the road, this North/South split became bigger and bigger. When [Governor] Jim McGreevey had to deal with it, it was not what it was when Dick Codey had it. And then it was not what [Governor] Jon Corzine had to deal with, and it's not what [Governor] Phil Murphy has to deal with right now. But we got through that. That was actually sometimes a lot nastier, personally, than what 2006 was.

But I think what shaped the Senate reaction to the budget was Dick Codey being governor and understanding more about what the budget really was. And no offense to the Speaker and to the Assembly side and to other senators, having sat there to make those decisions. And actually truthfully, it wasn't until Dick became governor that he actually focused on the budget. His whole career was on healthcare issues, and even when he was Senate President, he left the budget up to Bernie Kenney and others. But once he became governor, he realized what the budget really was, and what it meant. So I think Dick understood the dynamic of—that we needed some recurring revenue. There were some early tremors with some of what he viewed and I viewed as some cheap shots coming from the incoming Administration on what Dick had done. But I think that Dick understood it, eventually. I think having a former deputy treasurer who put four budgets together with him; he understood what it was. Having someone who's dear to a lot of us, who also is no longer here: having Kathy Crotty there was a tremendous asset. And somehow—I don't know how we did it. Somehow he kept the entire Senate aligned. Where even though the South Jersey guys and the Assembly was being driven—that the Wayne Bryants of the world, the Steve Sweeneys of the world never switched over. I mean, we know Wayne Bryant—it was made clear to him. You want money for—remember, it's the Governor's Office that decides how much money goes to Camden, not the legislative leaders. And Wayne, for all his other faults, Wayne understood things like that.

So we were able to keep the entire Senate unified. So we didn't have that internal split that we had to worry about. And then as we moved forward, it's probably about this time 12 years ago when I basically became a wholly-owned subsidiary—because of the relationship between Governor Corzine and Dick Codey—a wholly-subsidary of the Administration, and was working for a—. I do this when I talk to Civics classes, and they, I think, don't ever believe—I was actually working for both branches of government at the same time. <laughter> And I think that dynamic led to how the sides were picked on this. And the other dynamic, I think, that was very important, and it's actually something that you can play a lot of things going on back then to today. The other thing that was very important in this whole structure was that Joe Cryan was able to keep enough people. And I think, what did you have—you only had a majority of like 44/40? 42/43 maybe even, right? It wasn't today's majority.

Bill Castner: It was about 48.

David Rousseau: It was 48. Okay, so Joe was able to keep enough people aligned with him—the Assembly could never force something down the Senate's throat. And I think that that shaped the dynamic of where we were. I'll let Bill talk more about that dynamic before we later go back to more about how we ended up coming to a deal and everything at the end.

Bill Castner: First of all, thank you for not booing me. I appreciate that very much.

<laughter>

I think I agree with how Tom posed the question, and what Dave was saying. I think the Corzine Administration was inheriting a pretty adversarial climate to begin with, through no fault of the Administration. I think the previous year, as Josh reported, almost ended up in a State shutdown. You had North/South politics. You had policy debate over the importance of property tax rebates. Assembly had a chip on its shoulder that the Senate wouldn't do a Constitutional Convention on property taxes. The Assembly felt surprised at the Budget Address the year before. So you have a little bit of that backdrop. And then the Assembly reaction was, "Holy cow! Wait a minute. The Governor has three or four years to recover from this. We have primaries next June. The Administration is playing poker with our money, politically. Some of us were around for Governor Florio when Democrats were sent to Siberia for over a decade, Watergate-type majorities for Republicans." That was over the sales tax that was increased, and then repealed. You had paid professional pollsters coming in briefing the Assembly caucus saying, "This is horrible! You can't—you guys are barely keeping a finger in the dike of the McGreevey tax increases, and now you're going to have an identifiable sales tax increase? You guys have to fight this at every turn." And then you had policy concerns as well. To some degree that sales tax is regressive. That was certainly not an overriding concern. Sales tax being dedicated to the general fund. You heard a lot of chirping on that. This money's just going to be pissed away. We'll never see it again. We have a chance—if we're going to put our necks out and raise the sales tax, we should make sure it's

for something like property taxes. So you kind of had a disgruntled Assembly to begin with. An Assembly that felt like it was going to be the guinea pigs when it came to the accountability of raising the sales tax. And then ultimately—I would argue—a policy concern about dedication of the revenue.

Tom Shea: Patti?

Patti McGuire: I think what we forgot to talk about was the fact that there were subpoenas, there was Tom Kean—Senator Kean—and the Republicans on the Christmas Tree list. So if we start when we walk through the door and Brad Abelow was establishing the budget the first year, if everyone recalls—and Josh [Margolin], you're going to recall because you wrote the stories—we took out a lot of items in the budget, and those items were perceived as Christmas Tree lists. And then Chris Christie made lots of noise about it to the fact that during the budget time for us toward the end in June, we all got subpoenaed. I got subpoenaed more than once. They thought I was—probably two or three times. The governor got subpoenaed, Stu Rabner, Brad Abelow. So all of this is also going on. You have legislators who are like, "Okay, you guys introduce the budget,"—very similar to what's happening now. "All of the things are outside that we put in." And we've got Chris Christie saying that these are "gift items," quote/unquote—or I don't know if that's the real word he used. And all of a sudden, we have legislators who are on their heels, not liking our budget to begin with, and then as we begin the process and as we go forward, we then come up to the fact of two other Houses, Assembly and Senate, having their own difficulties. And I bring this out, because I think people forget that that occurred. And that for us, you know, I didn't really like the fact that I was subpoenaed by a U.S. Attorney, and I've got to sit and go through a whole bunch of lists and go through everything. So I really wasn't liking a whole lot of people <laughter> at all in the Legislative Branch. And Tom Kean and Tom Neff and everybody decided that I was going to be one of their favorite players in this. So that started for me in being able to sort of watch everybody.

I will say something, and I want to really be on record about this. Jon Corzine is not this person who wasn't accessible and didn't have conversations with people about legislation and about policy. First of all, I personally I had an open-door policy. Any legislator at any time could walk into the Statehouse and find their way to my office. And they did. Okay? Number 1. Number 2 is if the Governor was in that building, and a legislator was in my office, the Governor saw them. So as much as I love the legislature, and I really do, there's a 50/50 line here. You want to say that maybe we didn't always communicate, whether I didn't communicate correctly, or the Governor didn't communicate, but I will not accept, and do not accept the concept that Jon Corzine was not a Governor who understood legislation, politics and wasn't accessible, because that's not true. And I will say this to you, Bill Castner—Bill is a friend, and after the budget we ended up doing some great stuff together on housing and other things.

Bill Castner: However...

<laughter>

Patti McGuire: However. Did you ever know, did you ever think that we had a compromise going with the Republicans? Because the way we stopped this whole budget situation was the Republicans who stayed with us in the Assembly Budget. Joe Cryan and Bill Payne [both Democrats] were with us—which Bill, you knew—but I don't think you knew that I had [four] Republicans. And that was [Francis] Blee, [Joseph] Malone, Alison McHoze, and [Kevin] O'Toole. So I had four of them. So I don't know if you ever knew that I had that. I don't think they—the reporters—knew it. But those guys camped out in my office. And we crafted, with everyone's approval, a strategy never to vote for the Assembly budget. And part of doing that was to stop the process. The longer we did this, the greater our impact was going to be. Which I think happened.

Tom Shea: Yeah, I think, as I said, we introduced the original budget proposal in March. And the deadline was the 30th. But it took quite a while for the Assembly to come up with a proposal of their own, ultimately, which was fairly late in the process. And so I think that had something to do with the eventual outcome of the budget fight, because I think it put us in a position of strength relative to the Assembly. But then I also think one of the other determining factors as the fight dragged on, was the fact that the Assembly couldn't produce the votes to put out a budget of their own.

Patti McGuire: Right, and that was—

Tom Shea: So we were always in the position of saying, "We've been very clear about what our priorities are, and what we want to see in a budget." But we were never put in a position to have to veto one, or line item veto one, because the Assembly didn't have the votes to produce that. And a lot of that is due to the work that Patti was talking about that was being done, both by Joe Cryan, and then by some of the Republicans as well in the Assembly.

David Rousseau: Yeah, and I would add, the dynamic may have been completely different if they had sent a budget to the Senate.

Tom Shea: Sure, sure.

David Rousseau: And then the pressure's on Dick Codey to be the one, that, "Okay, you're the one now shutting down government," that that dynamic may have been different. But you know, history shows that we were successful with both the Republicans—and understanding that it was better to be friends with the Governor's Office than a Speaker's Office in the long-term. And Joe Cryan, keeping that core group, having to use the Treasurer, using people in the Administration for his staff work, and having to use me in the Senate Democratic Office as doing his staff work. Having to use the Senate Parliamentarian for things, rather than the Assembly Parliamentarian. But I think history may have been different if they had had the votes to force it down—to send an actual bill to the Senate, not just have a printout out there of a bill.

Tom Shea: Right.

Patti McGuire: Right, I agree with that.

Josh Margolin: And you benefited from the fact that Dick Codey was willing to dislike Joe Roberts more than he disliked Jon Corzine at the time. <laughter>

Governor Jon Corzine: That's George Norcross. <laughter>

Tom Shea: I was going to say, I don't know how you guys managed to do that, Bill. But that was virtually impossible. <laughter>

David Rousseau: Knowing the play, I think it was more like Josh said. I'm not sure it was a personal animosity between Dick and Joe, it was someone—it was another figure.

Josh Margolin: No, right, exactly, but people forget that Dick Codey served, and is still serving, unless something happened today, in the legislature. He's a remarkable operator in the State House, and he—you had him on your team, you had Wayne Bryant on your team, and you had Bill Gormley on your team. And Patti, those are three key players who were able to keep the Assembly from sending you a bill that you couldn't endorse in any way.

Patti McGuire: Well, right, it had to get—they didn't have the votes to get it out of the Assembly. I mean, that was—the bill could go nowhere because we kept jamming it. If you go back and you look at all the committee meetings that would stop and go and stop and go, for hours upon hours upon time, they never could get the votes. I mean, Bill and Speaker Roberts, just couldn't get the votes required to get that bill out. And I think that, for us, was the biggest piece to it. Gormley, clearly, his involvement was—

Josh Margolin: And Codey had kept Essex [County] on your team.

Patti McGuire: Yes. And, of course, we kept Hudson [County].

<laughter>

Just remember that.

Tom Shea: Right.

Bill Castner: Well, first of all, Ruth [Mandel], I need to come back for the Chris Christie panel to talk about the shutdown I won last year. That's only fair.

<laughter>

But I think beyond what you're discussing, I think the governor had the upper hand in terms of earned media and the idea of a enough of Trenton budget gimmickry, and we're going to get rid of these one-shots, and kick the can, was a phrase the governor used repeatedly, and quite successfully, in my view. And so there was, I think, just an overall mood that Trenton is broken, and who in their right mind

would want to raise the sales tax unless it was completely necessary. I thought—I said this to Tom when we talked over the weekend. What I found most interesting was Quinnipiac [University] did a poll about the necessity of the sales tax two weeks before the shutdown. And roughly two-thirds of registered voters said the increase was not necessary. Two weeks after the shutdown, it was a complete reversal. So although not by design, it's very, very interesting in that the shutdown created the public crisis that ended up providing the legislators who felt like they had no cover whatsoever in voting for a sales tax increase that they actually got it passed. So I thought that was an important takeaway.

Tom Shea: I mean, we could do a whole day panel on just the theatrics of the budget shutdown, right? So the Assembly finally produced a proposal late in June, probably right near the deadline, as I recall, which we then responded to by casting as more of the same, right? One-shots, gimmicks, borrowing, revenue estimates that were a little too rosy in our view. And that's where the ultimate stalemate actually happened, right? Because now you have—you don't have a bill, but you at least have a proposal, which we dismissed and discounted. We have an actual budget draft that you guys have dismissed, and say is “dead on arrival,” right, as Joe said during the fight. And then we get to the point where the shutdown happens. And that's, I think, where things get really interesting. So I'm curious, Josh, too, about your perspective on from that point on. First of all, I don't think you guys [the press] thought that we were actually going to do that.

Josh Margolin: Right, so the rule among the reporters always was, “everybody threatens a shutdown. Everybody does all sorts of theatrics associated with them.” McGreevey at one point even polled on whether or not he could paint the Republicans as being blamed for a shutdown, if he were to go ahead with a shutdown during his Administration. So we just viewed it as noise. And then all of a sudden the last week [of June] comes, gets really, really hot in the State House. This time, actually the Delaware [River] was rising and about to flood out the State House. <laughter> So it was particularly Biblical this time. <laughter> And maybe that was an important omen, I guess, in retrospect. But the heat rises, literally and figuratively. Bill Gormley always decides he needs certain things for Atlantic County and he starts giving lists to people. Blind quotes get planted in various stories. And it still doesn't have the feeling of reality at all, because there's always a deal at the 11th hour. With McGreevey we had to go to two o'clock in the morning or something. But it's always going to happen. Then Governor Corzine, you decided to wheel the cot into the office. That was a good picture. <laughter>

Josh Margolin: There was some discussion about whether or not the governor was going to change his underwear. I don't know how that wound up in the *Star Ledger* <laughter>. But where he had only one suit. But an interesting moment for us happened, and I hope I'm not revealing—well, I'm revealing something, so I hope you don't mind.

Governor Jon Corzine: You've revealed a lot of things. I've given up on that.

<laughter>

Josh Margolin: By comparison, you won't mind this one.

Tom Shea: You forget, Josh, we ultimately hired all of your colleagues at the time, so we heard. <laughter>

Josh Margolin: So I had a conversation the Saturday before the deadline, with the governor and with Tom, where it actually for the first time dawned on me that I was going to experience a government shutdown. This was actually real. This was going to happen. And it didn't seem like you knew exactly how it would play out, but you knew that you were going to do it, because you felt that the impasse was unbreakable at that point. So the *Star Ledger's* coverage, I think, if you look at the tone of the news pages, you will find that there was a distinct difference in the coverage going into that final week. A lot more gravity to it. And then as it occurred, you know, we're talking about these late night Assembly committee meetings. We didn't know, at least I personally didn't know, how the sides were lining up. There was a point during that violent—near-violent—meeting in the Assembly Budget Committee where we actually thought that the Assembly had the upper hand. We didn't know the game or the strategy that you had manipulated and created and how it was going to play out until I was back in the newsroom, and I think, Joe [Donohue], who's here, and some other colleagues of mine were in the Committee Hearing Room, and it played out, and then you texted or emailed me saying, "How do you like them apples?" But, you know, we had no real idea that it was going to play out the way that it was. But I do want to point out in terms of just the theatrics of that period, I found a great clip as I was trying to plan for this last night. So this is from the July 5th papers. This is the old days, the story was actually written July 4th, it was not written just 12 seconds before it was posted. And so the story, it was actually a great color piece, but around Page 6, so there's an editor I'm going to have to talk to later. "The New Jersey Legislature is no place for sissies these days. Profanity erupts on the Assembly floor, a wrong look gets you a dirty look. A stray remark gets you one back, 'bub!' And watch out for ricocheting wads of paper. 'We have chaos,' Assemblyman Bill Baroni said." So that was New Jersey government at its finest. <laughter>

Tom Shea: I also think it's worth noting that the tone and tenor of the negotiations were really different pre-shutdown and post-shutdown. Much more contentious, much more difficult after the shutdown. I still can remember a look on Bill's face in one particular negotiation at the conference table in the Governor's Office. And we had essentially—I think it was probably when we had rejected your most recent proposal, and we were having a brief sort of political conversation, and I just remember this look on Bill's face as we let the meeting break without any agreement, and he looked at me with this look that was equal parts exasperation and terror and just complete disbelief that this is what was happening.

Bill Castner: I think that's how I always look, though.

<laughter>

Josh Margolin: There was one other subtext that was sort of—or subplot that was omitted, and it was that the legislature was testing Governor Corzine.

Tom Shea: Absolutely.

Josh Margolin: Because he was a new governor and that's always the way it has to go. But remember, Joe Roberts was a new Speaker, and so he felt a performance anxiety among his own caucus. Now Codey, again, has the upper hand, because he's already been Governor, he's been Senate President for God knows how long. He doesn't have any of these performance issues right there and he's got a much more—you know, the Senate still is a little bit—the longer terms, the different cycle.

Tom Shea: His caucus is more manageable, yeah.

Josh Margolin: It's more manageable, it's a smaller caucus, and he was a master of the rules of his House in a way that nobody else really was. So Roberts actually had a lot to prove. So every one of those meetings, when he's not getting somewhere, he probably—I mean, it seemed like he psychologically felt he was losing ground.

Tom Shea: Yeah. But this just had to be a field day for you guys, right? Because you start off with the chairman of the Assembly Budget Committee calling Brad to testify, who refuses to come testify.

Josh Margolin: He sent the trooper for him. <laughter>

Tom Shea: Sending the troopers and the Assembly Sergeant at Arms to drag Brad to the committee. Which ultimately didn't happen. And then—although Brad did go to testify, actually, the next night.

Bradley Abelow: Yeah.

Tom Shea: And acquitted himself quite well, I think, and I would say that [Budget Committee Chair] Lou [Greenwald] was actually embarrassed by the exchange, and wound up recessing the committee for a half-an-hour. Or, I shouldn't say that. He said he was recessing for a half-an-hour, and then they never came back. And I remember--

Bradley Abelow: Bill Gormley gave me a LeBron James t-shirt. <laughter> I still have it. I couldn't find it. I was going to bring it today.

Tom Shea: Because I remember—

Josh Margolin: The Administration always knows the budget better, so Corzine and you and Patti and Abelow all knew it better. But that really wasn't necessarily going to be determinative. You know, the sheer knowledge of facts isn't always the most important thing in politics.

<laughter>

And so that wasn't really going to be the issue, but there was also a level—first of all to answer your first question, yes, the governor said earlier that being governor was the best job of his life. The best job of my career of more than 25 years is being a State House reporter in New Jersey during this period in the early 2000s. So and the shutdown was remarkable. It was remarkable for all of the politics and the significance of all of the politics that were going on. But you also, after a day or two, when you felt that it was more real than you had anticipated it was going to be, you started playing politics in a way you hadn't been. So you started talking about running ads, and the governor's bottomless wallet started being discussed.

Tom Shea: Okay, so I was going to say the reason this was such a field guide day for you guys was because of the theatrics. And so the summoning of Brad and the sending of troopers was sort of the beginning of that. But then the governor called the legislature into special session. He brought the cot to the State House. He gave a speech every morning for what, four more mornings or so. So all of that. And then, yes, ultimately I think I called Mike Donelon and said, "Why don't you just show up at the State House, and just make sure lots of people see you?" Because Mike Donelon was the guy who did our TV spots at the time, and we started talking about running ads against the legislature on the budget. Not publicly, but I do think that was—I think there were a few things during the shutdown that actually were sort of key determining points in what actually happened.

The first was at some point the Assembly Democrats proposed an increase in the income tax on high net worth individuals, which was starting to get some traction until Brad ran the numbers and it showed that the impact of that income tax increase would fall ten percent on the Southern New Jersey counties and 90 percent on the Northern New Jersey counties. And so then any support for that very quickly fell apart <laughter> in the North/South divide, one; two, the ultimate, you know, the casinos were able to fend off closure for a few days while they were in court. But I think the ultimate closure of the casinos and its impact, in particular on the South Jersey legislators, I think, was one of the key factors that ultimately led to an agreement. And then I think on a smaller scale, this idea that we did float, not publicly, but through the media that we were considering running TV ads.

Josh Margolin: Your alter ego, "source close to the Governor." <laughter>

Tom Shea: Oh, that guy.

David Rousseau: Tom, I think what you said about the casinos was a big issue. Remember the Assembly Committee going into Committee thinking they were going to be able to release a bill from Committee and then vote on it.

Tom Shea: To declare casino employees essential employees.

David Rousseau: -- and again, force that to the Senate, where again, Patti through her magic, and others through their magic, kept all the Republicans off of it. There were enough Democrats to stay off it, and I think that that—the next day,

I think, is where we came to the ultimate agreement. Where on Senate side, we all knew all along it was going to be a 50/50 split—

Tom Shea: I think they created—the things I just talked about, I think created more pressure points on the Assembly Democrats. Bill, you can correct me if I'm wrong, but—

Bill Castner: I think I disagree a little bit in that towards the end, it was a lot of—it was a shrewd move, you know, the Assembly would say, "This has got to be about property taxes, property taxes," and this idea of dedicating half of the penny towards property taxes really was a checkmate situation.

Tom Shea: Well, I was going to say that.

Bill Castner: But beyond that—

Tom Shea: Ultimately, the Governor's idea was what brought the deal, but I felt like we had created a lot of pressure.

Bill Castner: I think that's fair to say. Don't discount battle fatigue. As someone who was in that caucus and saw the body language of legislators, you know, four or five days into a shutdown, people who liked the Governor personally, and supported the Governor personally, like, "What are we—you know, can't we work this out, guys?" You know, it's one thing to have the testosterone and the pollster, and you're going to get killed, and then when you're four or five days into a shutdown, you're hearing about casino workers who may not get a paycheck. It has a sobering effect.

Tom Shea: And then I think the Governor did two things. One of which was the night before, which was an idea that hadn't occurred to anybody before, and the other was a spur of the moment ad lib, I think in the speech the next day. So the first idea was, yeah, this idea of not just of dedicating a half of the revenue from the increase in the sales tax to property tax relief, but it was dedicating that money for the next decade. So not just that year for that budget, but for the next ten years was the idea that he came up with at the end that I think sort of tilted it. And then the next day in his daily speech to the legislature, you know, he called on the legislature to solve this problem *today*. And repeated the word *today* several times. And I think that was playing to the battle fatigue that Bill just alluded to.

Patti McGuire: And I also think that we, during this time period, went and met with quite a few of the legislators. And had conversations with them. And I think Bill, to go to your point, absolutely there are those who really liked Governor Corzine and didn't want to be in this situation, right? And so that helped the cause. I mean, one of the things I want to say is that without, God rest his soul, the late Alex DeCroce, who played a really big role in allowing his members and his relationships with myself, on behalf of the Governor, I mean, he was a real player, as was Joe Malone. Assemblyman Joe Malone was clearly the person who shepherded, helped, worked with me, on this, and I must say that this battle, as

bad as it was, helped me create the votes I needed for school formula funding when the Speaker gave too many Democrats a walk. So I'm sorry about closing down a State government, and I feel terrible about it, but that gave me an opportunity to be able to build a real relationship that gave me the votes for school formula funding.

Josh Margolin: Well, to our vantage point watching the movements and at the point of the shutdown, so the press corps how now swelled, because all the New York and Philadelphia media had descended on the shut down New Jersey State House, and we're all following—the red rope was put outside the Governor's Office, we were watching everybody's movements, the governor was using the secret passages to go from office to office. <laughter> But there were certain things that actually started happening. And as I remember—I may be wrong, but as I remember—when the Governor actually left his office to go meet with Roberts in his office, just that small gesture of going to the other side of the building in a way that governors in New Jersey historically don't, because, "Governor of New Jersey; come to me!" And so Governor Corzine got up, the troopers had to run to keep up with him. And he went over there and at this point, everyone was so drained, it was so emotional, and little things made it possible for the logjam to be broken.

Tom Shea: I would say, you know, since this is about the Corzine Administration and the archives and this is not necessarily apropos simply of the budget, but I would say that historically both in his term in the Senate, and in the Governor's Office, is that was the kind of thing that most politicians would care a lot about, that Jon Corzine never cared about. So whereas most politicians would say, "I don't want somebody to see me going out; that will be perceived as weakness," that was just not the kind of thing that would ever occur to him. He would say, "I want to get a deal, and if I need to go to his office to make him feel better to get a deal, I'm going to go do that!" And so I think that was something that you, you know, if we looked at different situations over time, you would find that that happened fairly frequently. Not necessarily in that exact way, but that mentality or that mindset, I think was pretty consistent most of the time.

Bill Castner: Yeah, I agree. I thought that was magnanimous and I think Patti said something important in that I thought it was also magnanimous for the governor and the interest of the State and the party, in the wake of a bloody shutdown, historic shutdown, picking right back up and start out having a special session on property taxes, which led to Matt Boxer's position, the Comptroller; which led to a revised school funding formula; which led to reasonable benefits reform, so I thought that was really an incredible gesture, rather than to kind of harbor ill will, let's get the State back on track on these other policy issues.

Patti McGuire: That's right. Housing. That was the Speaker's biggest issue.

Governor Jon Corzine: I got to interject one thing here. There is one person that—I had a lot of help in this, and I want to go back to one of the things I said right at the start of the afternoon. People make a big difference. Patti McGuire knew how to make this crap work. And this was an education for 'yours truly' to

understand all these various connections that we've been talking about. Tom's right. We were less into form and more into substance. But without getting Bill Gormley's help over and over again, actually in the first two years—when he retired, I think, actually was a big, big hole in our Administration going forward, and we lost [Joseph] Malone, because he used to pull him along. And there were a lot of things that Patti really engineered in a way that made a lot of these good things that ultimately go back to what we were talking about on the agenda, actually happen.

Tom Shea: Yeah, I was going to interject the same thing on Gormley, but also, you know, Joe Cryan, we talked a little bit earlier. Joe Cryan, Gormley and Bernie Kenney, too, were all big parts of the administration of the governor—of us—ultimately being successful in this fight, because they all did a lot of work.

Joe Donohue: The Christmas Tree helped, too. It was called the MAC Machine?

Patti McGuire: Remember that? That's, yeah, that's what I'm talking about. One of you knows the story.

David Rousseau: Well, no, the Mac Machine was the McGreevy Administration.

Patti McGuire: Yeah, that's what—we inherited that.

David Rousseau: Yeah, right, but I think what Joe is talking about is that when—which was not the brightest time of the shutdown—was when we spent that night in the conference room spending, spending, spending. And I think I leaned over Brad at one time, I said, "Brad, I think we need two cents on the sales tax now," and we realized it. And the Republicans, remember what happened, the Republicans that night in the Budget Debate, railed on "You shut down government, so you could spend 300 million dollars," and I'm using this word affectionately, "on crap!" You know, some of it was legitimate things. But one legislator would say, "I need money for this town," then somebody else would say, "I need it for this town." And if everybody remembers correctly, the governor heard that, and the next day had to make the decision, and basically made a political decision to cut back a lot of that stuff that had been added the night before.

Tom Shea: Yeah, we did veto a lot of that actually.

David Rousseau: You know, I got the strange call where, remember, at that point in time, I working for Dick Codey. I'm working for the people who put the money in the budget. I get a call from Brad saying, "We need you to come in and help us work on the line item veto to take stuff out that your employer <laughter> just put into the budget." And that was, I think that was something—that was not a glowing day for any of us that at the end of the shutdown that that is what we came out of. But I guess after your veto, we came to a more reasonable place.

Governor Jon Corzine: And we also came to—Brad and I—an agreement that we were doing away with Christmas Trees in all of the other kinds of reforms that were

going on. And that basically ended. I mean, it's not, you know, it wasn't perfect. But—

Joe Donohue: The reporters really missed it. <laughter> That was a good story every year.

Governo Jon Corzine: Anyway, I do think that this gave our Administration, the team, confidence to face off on a lot of other things going forward. It's not the way you would like to learn the ways of Trenton, but it was a necessary reality if you were actually going to make serious reforms on moving to the pay as you go as opposed to the normal ways you were doing business. And I think it set up—actually, even though Joe Roberts and I had probably the tensest of moments, I ended up having actually a colleague that I could work with, because we both knew we had to figure out how to back away from this thing in a way that—not back away from the principles—but back away from the tension to be able to get things going. And he ended up being a good partner from that point on.

Bill Castner: It's interesting. I do think there were motivations of some party bosses who wanted to make the Executive Branch a subordinate interest to the Legislative Branch. <laughter> And I don't think that's where—Speaker Roberts was looking at it from the position of, "I need to protect the interest of my caucus members." Not, "I need to emasculate the executive branch."

Tom Shea: We were somewhat aware of that dynamic. <laughter>

Bill Castner: So I think for that reason—I think that's why it was a successful partnership going forward, and I think it was a great show of leadership. It is interesting, Alan Rosenthal—where's Ruth [Mandel]?—in "Engines of Democracy," he was like the only one who loved what the legislature did, because he said, "This is the legislature trying to stand up," and I knew it didn't have much of a shot to win, but it stood up institutionally and fought for its prerogative, they never stand up to governors. <laughter> But it ended up being a great show of leadership for the governor. I do think it set the tone for the other future successes.

Patti McGuire: I think Bill Castner won't give himself enough credit. But Bill Castner deserves a whole lot of credit for his relationship during that time but our relationship, at least my three years in the Administration. What most people don't even realize is that every Wednesday the Senate and Assembly and the Governor's Office, legislatively met. Every. Single. Wednesday. In Bill Castner's office. So again, everybody, when people say they didn't know what was going on, I'm not sure how folks didn't always know what was going on, when we were meeting. But I wanted to make sure everybody understood that. Bill Castner, himself, and his relationship should be very much applauded, as David [Rousseau] and as Kathy Crotty, and as we move the pieces on for everything that they did. So I wanted to make sure.

Bill Castner: Thanks, Patti, thank you.

Tom Shea: You know, I think both Bill and the Governor are both right in the sense that as a sheer matter of real politics that not only was it essential for the Governor to win that fight, to be able to govern for the rest of his term. You know, I think had we failed, we wouldn't have gotten any of the things done, or most of them, that happened later on in the Administration without having won that fight. I think not only because it created the relationships that Patti talked about that set the stage for some of those other fights, but it demonstrated to the legislature that this was a Governor who was going to lead, not just the party, but the State. And so I think people were more willing to look at him as the leader after that fight than they might have been before it. And I think that was probably critical to a lot of successes that happened later on in the Administration.

Kris Kolluri: Tom, can I add just one footnote?

Tom Shea: Sure.

Kris Kolluri: Kris Kolluri. The one footnote is during the entire shutdown there were 20 departments that had to function, which I think was no small feat. And that was because the governor insisted that every department function at its highest level through the shutdown. I think that has to be noted through this discussion.

Patti McGuire: That's a really good point.

Bill Castner: That's a good reminder, yeah.

Tom Shea: Are there any other members of the cabinet that want to speak to that, actually?

Steven Goldman: Yeah, I do, Tom. Steve Goldman, right here.

Tom Shea: Hey, Steve.

Steven Goldman: I mean, I remember the preparation that was done. Actually, even before the shutdown came we had meetings in the Governor's Office. Stu Rabner at that time was Counsel to the Governor, and each department sat together with Stu, and with members of the governor's staff going over what our rights were, how we would be funded, how it would work. So the fact that the government continued to function despite the shutdown wasn't by happenstance. It was because there was a lot of preparation that went into that anticipating that there might be a shutdown, and that was, I thought, very well-done and important.

Tom Shea: Yeah, I don't know that it ultimately contributed to the outcome, but I think the exercise that Brad led and went through with the members of the cabinet as well to identify the cuts that would have to happen within each department if the governor's budget didn't pass, I think, had to at least catch the attention of members of the legislature, because of its impact, particularly on municipal aid and school funding, I think.

Bradley Abelow: But I do think since this is an official recorded session that I should share this detail that when we shut the government down, of course, that means you can't pay employees who are furloughed. When I went to the folks in Treasury who had the payroll responsibility, it turned out our system was 40 years old, and didn't have that capability, it was just on/off. <laughter> So actually—

Josh Margolin: So what are you admitting to right now? You paid everybody even though—what's the confession? <laughter> Is there a reporter still working for a newspaper here?

David Rousseau: No, if you remember, there was language added into the budget that allowed us to pay the people who hadn't worked. And that was a contentious piece at the end, one of the last pieces.

Bradley Abelow: But it was good that we did that.

Josh Margolin: So, Tom, one last footnote in terms of the public view of all this. I think it was Bill or Dave who mentioned earlier the polling that came out after the shutdown about the public perception about the sales tax increase. You know, I'm sure that you didn't do this intentionally—shut down the government and up-end everybody's life for it—but the media exposure and the story ended up catapulting the governor to a level of national attention that he had not had to that point. And actually, I'd love to get your take on it, because there was a sense coming into the budget shutdown, you had a fairly good first few months, but not a great first few months. The Governor was new to this, the legislature was entrenched and testing. You had a couple of stumbles in terms of people. You had a big fight to keep Cryan as the—or make him the Party Chair, which ended up being valuable in the shutdown. But, you know, there were things that were possible now, July 15th, that probably were not possible June 15th.

Tom Shea: I think that's right, but I also think there were, as the governor mentioned at the top, and it might have been at the top of the last panel, you know, we walked into so many problems. The four-and-a-half billion dollar budget deficit was just one of them, right? The State Police were under federal supervision on racial profiling. We were being sued and trying to create the new Department of Child Welfare. The UMDNJ scandal we were dealing with at the time. So there were a lot of things that we were being forced to be necessarily reactive on that wouldn't have been part of our agenda. But I don't disagree with your premise, and obviously, we didn't go into it thinking that way, but I think, I mean, politically I think it was clearly a win for the Governor. Probably in ways that we didn't expect. We expected, you know, we believed that—as I said at the beginning of the panel, we believed that having a fight with the legislature over a budget that looked like the kind of budget Jon Corzine promised the people of New Jersey during the campaign he would pass, we thought that was a fight worth having for him as governor, particularly given his background and the skill set that we brought to the table. Not only did we think it was a fight worth having, we probably thought it was a fight that we had no choice but to have. So that was really our thinking going into

it. But I think coming out, for sure, it was politically—it strengthened him politically a lot in the State and it raised his profile nationally, I would agree with that, yeah.

Governo Jon Corzine: It also created a situation with the rating agencies and people who were evaluating our credit in a way that New Jersey had not been able to send a message to investors and others that we were actually serious about dealing with this. So that there were a lot of secondary implications. And while we never got an upgrade while we were in office, although we tried, we never got a downgrade the whole time, and a lot of that was because we had sent the message, not only the legislature, but to other people that we were serious about this goal.

Tom Shea: I think the next guy got a couple of downgrades.

<laughter>

Governor Jon Corzine: That wasn't my point. That's not my point!

Tom Shea: But I think we could end on that note. John [Weingart] looks like he wants to speak. And--

<applause>

Bill Castner: I've just got to ruin this. The governor had an incredible team, to state the obvious, but as I look at this exercise real quick, I think it speaks more to the Governor's strength and his integrity. When I think of Governor Corzine, I don't think necessarily of abolition of capital punishment; or school aid, or paid sick leave; I think of having been his lawyer for a year, albeit fourth-stringer, not like Chief Justice Rabner first-stringer—just the integrity and honesty and strength in leadership, that's how I remember Governor Corzine. It was a privilege to work for him. It really was.

<applause>

John Weingart: I just want to thank all the panelists. And Governor Corzine, do you want to have the last word?

Governor Jon Corzine: First of all, let me go back to where I started. Thank you all for being here. It's both great to see you, and then to revisit some of those things that I think were special moments for us to work together. And there were many more that followed. And you guys did an incredible job in all of our little parts. And you know, hopefully, we get the ability to tell this story to anybody that actually wants to listen—the world goes on, and who cares—but the fact is that there were a lot of really great things that were done, and that's because of the people in this room. And if I'd been a better politician, and listened to Patti on a few other things later down the line, maybe we would have had different outcomes on other things. But I am very, very proud of the people that spoke today, and all of you and for what you do. So thank you!

<applause>

