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Chris Christie is a role model to new governors, but do his cuts add up?

By John Gramlich, Stateline Staff Writer

Chris Christie has made a national name for himself as the budget-slashing governor of New Jersey, a powerful political personality who prides himself on spending cuts and an outright refusal to raise taxes on what he calls “the most overtaxed citizens in America.”

In less than a year in office, the hard-charging Republican has repeatedly forced the hand of New Jersey’s Democratic-led Legislature, scoring key budget victories and becoming a media sensation in the process. At least 11 of the incoming

class of 18 new Republican governors have, like Christie, [pledged not to raise taxes](#), vowing to follow in his footsteps and balance budgets through spending cuts alone.

Pennsylvania Governor-elect Tom Corbett is one of them. On election night, Corbett exclaimed to his supporters, “Throughout the campaign, people asked me, ‘What kind of role model do you have?’ I reminded them: Just look across the Delaware River to New Jersey. Take a look at Governor Christie.”

A close look at the [\\$28.3 billion](#) budget Christie signed to much fanfare in June, however, finds a more complicated storyline than the one the governor and his acolytes have articulated since Christie took office in January.

Some of Christie’s budget fixes look a lot like tax hikes to the people on the receiving end of them. They include the working poor who will pay higher income taxes due to reductions in the state earned-income tax credit; homeowners who didn’t get their customary rebates on property taxes this year; transit riders who are paying substantially higher fares; and university students who must pay higher tuition. And although Christie promised in March to “not shove today’s problems under the rug only to be discovered again tomorrow,” his plan leaned heavily on the familiar Trenton budget trick of skipping a required payment to the state’s pension fund, which is already \$48 billion underfunded.

What’s more, some of Christie’s spending reductions aren’t as clear-cut as they might seem. As [Stateline reported last week](#), Christie’s budget assumes tens of millions of dollars in savings from privatization that has yet to occur.

The budget cuts he has ordered for municipalities and school districts have muddied the waters further. Many local jurisdictions, faced with the sudden evaporation of state aid that propped up their own budgets, say they will raise property taxes in response. Christie’s budget cuts to municipalities amount to “de facto tax increases,” says Sharon Schulman, executive director of the William J. Hughes Center for Public Policy at Stockton College.



Photo by Matt Rourke, the Associated Press
New Jersey Governor Chris Christie has inspired a class of incoming Republicans, including Pennsylvania Governor-elect Tom Corbett (shown in background).

Christie, of course, has not yet had a full year in office, let alone a full term. By all accounts, he has made difficult and unpopular fiscal decisions, just as he said he would do. These include the cancellation of the nation's largest public works project — a rail tunnel between New Jersey and Manhattan — and deep school budget cuts that have resulted in teacher layoffs, bigger classes and the elimination of after-school activities in communities around the state. He has undeniably avoided broad-based tax hikes of the kind signed into law by his Democratic predecessor, Jon Corzine, who raised both the state sales tax and the income tax for top-level earners.

Christie has managed to do all this and [remain popular](#), which is one reason why incoming governors like Corbett say they want to govern in his mold. The question is whether that good will can last. As Christie's budget cuts force tax hikes at the local level and many residents begin to recognize that they are paying more for less state government, Christie's next three years in office could be more challenging than the first.

For taxpayers, cuts with consequences

Some of the cuts in Christie's budget are breathtaking: \$820 million in state aid for K-12 schools, including 100 percent of the state's annual contribution in dozens of districts; \$848 million in the suspended property tax rebates for homeowners and \$72 million for renters; another \$445 million in municipal aid payments; \$173 million for higher education. Christie says he takes no joy in making such decisions, casting them as necessary in a state where spending is out of control.

Anthony Cavanna, superintendent of the West Orange School District in West Orange, N.J., can quickly recite the consequences of the 64-percent reduction in state aid that his district experienced. Eighty-seven employees, including teachers and teaching assistants, have been laid off, excluding attrition. Class sizes have increased. Recreational sports in middle school have been eliminated. Funding for the marching band and student clubs has declined by \$60,000.

Cavanna does not question Christie's clarion call for less spending, and he agrees with the governor on the need to do so at all levels of government, including in his own district. But he believes that the revenue stresses placed upon school districts and municipalities by the state will have one predictable consequence: local property tax hikes. According to Cavanna, they will come despite state legislation that passed earlier this year to limit such increases to 2 percent annually, beginning in January.

"It's a sleight of hand," Cavanna says of the Christie budget. "If the state aid's not there, then property taxes have to go up. I know Governor Christie wants them to only go up 2 percent, but that may not be possible."

The cap that lawmakers put into place this year has exceptions that could allow many municipalities to raise property taxes beyond 2 percent. Lawmakers have not yet approved a Christie-backed "tool kit" of other policy changes — such as a new arbitration process between towns and labor unions — that could allow localities to cut their costs and adhere to the 2-percent cap.

Similar revenue-raising decisions are being made elsewhere in government because of Christie's budgeting. NJ Transit, the nation's largest statewide public transit system, has been dealt substantial state-level cuts and has sharply raised commuter fares in response. Citing state cuts, Rutgers University raised tuition 4 percent for in-state students and 6 percent for out-of-staters.



Winning the battle of public perception

Christie has a ready answer for most of the budget moves that appear to be at odds with his stated public positions. For instance, his administration formally views the reduction of a tax credit for the working poor as a “resource enhancement,” not as a tax hike — even though the practical effect will be higher taxes for the poor. The public seems to be giving Christie the benefit of the doubt. “People don’t see it as a tax increase on the poor,” says Deb Howlett, executive director of New Jersey Policy Perspective, which advocates for working families. “They see it as a cut in a welfare program.”

Christie applies the same logic to the elimination of property tax rebates. For more than 30 years, New Jersey has tried to offset its highest-in-the-nation property tax burden by mailing rebate checks to residents. The checks amounted to about \$700 per homeowner last year. While Christie vows to restore the rebates next year, albeit in the form of a smaller tax credit, his office disputes the assertion that taking away a \$700 rebate check is the same as raising taxes by \$700. Nevertheless, Republicans on Capitol Hill have made just that argument as they have pushed for the extension of Bush-era federal tax cuts, arguing that the expiration of the tax cuts would amount to a tax increase.

On the state pension fund, Christie says he didn’t make a \$3.1 billion annual payment this year because he didn’t want to feed a broken system — calling for structural changes, such as higher employee contribution rates, before committing more state resources to it. Christie “is not throwing good money after the bad,” says Kevin Roberts, a spokesman for the governor. “We need systemic change.” Until systemic changes happen, however, the real-life effect is an even larger unfunded liability in a state that has long been infamous for the size of its pension obligations.

Meanwhile, it remains to be seen whether one of the most explosive charges being lobbed at Christie by local officials — that his budget cuts will result in higher property taxes in New Jersey — will be perceived that way by the voters. The key question, political experts believe, is whether residents will blame local officials for raising these taxes, or whether they will blame Christie for starting a chain reaction that reaches the municipal level. At this stage, observers say, the debate is squarely in Christie’s control, particularly as he pushes lawmakers to carry out more of the policy changes he wants to bring property taxes down.

“If the New Jersey Legislature had been on the ballot (this month), Republicans would have taken control of both houses by significant margins,” says John Weingart, associate director of the Eagleton Institute of Politics at Rutgers University. “He is riding very high at the moment.”

Even Christie’s political adversaries acknowledge his talent for framing debates on his terms. Howlett, who was a spokeswoman for Corzine, notes that the former governor slashed overall state spending for two consecutive years — unprecedented in New Jersey history. In fact, when stimulus money and other federal dollars are excluded from calculations, Corzine cut year-over-year spending by nearly \$4 billion over his final year in office, compared with a decline of less than \$1 billion under Christie, [according to yearly figures from the Legislature’s nonpartisan budget office](#).

Howlett, however, acknowledges that it is Christie — not Corzine — who is getting the credit for cutting the budget. “His acclaim is as much his communications acumen and his ability as a politician as it is his tax (policies),” she says. “He knows how to talk to New Jerseyans. He *is* New Jersey.”

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