

Under the Dome with DeAngelo

*An Update on the New Jersey State Government by Assemblyman Wayne DeAngelo
(June 2015)*

The temperature is rising Under the Dome. The State Legislature is feverishly working to finalize a balanced state budget for Fiscal Year 2016 as required by the New Jersey Constitution to be signed into law by the Governor before June 30 each year.

The biggest challenge to balancing the state budget remains the need to address the unfunded liability in the pension system for public employees, public safety personnel and teachers. However, this problem was further compounded by a decision rendered on June 10 by the New Jersey Supreme Court in a suit brought by labor unions representing police, firefighters, teachers and public sector employees against the Christie Administration for failing to adequately pay the state's portion into the fund. The Court ruled in favor of the Administration thereby allowing the State to pay a lesser amount into the pension system in the current and upcoming fiscal years.

The issue at question was whether or not the reforms enacted by Governor Christie in 2011 was considered a contract between the State and employees. Under the reforms, employees are required to pay contribution higher rates into the pension system and accept cost-of-living freezes. In return, a contractual obligation was to be established wherein the State would increase payments to the pension system over a seven year period until full funding was achieved.

The New Jersey Supreme Court issued a 5-2 opinion which ruled that the reform law did not establish a contract between the employees and State since there was no voter approval or constitutional amendment to create such a contract. As a result, the anticipated seven year pension payments are not required to be enforced. The employees, however, will continue to pay the increased contributions.

What does this mean for New Jersey taxpayers? The State's failure to pay its fare share into the pension system will continue to increase the unfunded liability. Over time, the amount that taxpayers will end up paying to make the system solvent will be significantly higher. This pension system instability began as a result of borrowing dating back to Governor Christine Whitman and continued throughout the last two decades. Left underfunded, the financial burden on public employees and New Jerseyans will be insurmountable. What is certain, however, is that middle-class public employees should not be balancing the state's fiscal woes on their backs. There must be a real, fair solution to ensuring that the state is able to pay its necessary share of its obligations without bankrupting the State as a whole.

Leadership in the State Legislature have stated that they will present a Fiscal Year 2016 budget to Governor Christie that provides additional payment to the pension system while covering the other necessary expenses of state services and operations. It will then be the Governor's prerogative to either sign the budget or make changes in the form of a conditional veto.

Besides the pension system debate, the second largest area of debate among legislators this month has been how to save Atlantic City. The City whose financial stability is largely tied to

casinos has seen constant decline in recent years. Given the growth of gambling in neighboring states, these local casinos have struggling to survive which has had a devastating impact on the region. In fact, four of the 12 casinos that were based in Atlantic City closed their doors last year.

To help ignite the region's economy, five bills recently passed the General Assembly to help stave off further financial decline. The bills would require casinos to pay the an annual payment in lieu of taxes that are based on casino gaming revenues; stabilize taxes paid to the municipality and school district; mandate proof of collective bargaining for employees' health care and retirement benefits; as well as other economic relief options. The need to protect the gaming industry in Atlantic is rooted in the need to stop further job loss in southern counties. In addition, the gaming industry also provides funding for state programs for senior citizens in our entire state.

However, in the northern portion of the state, legislators and mayors are backing a proposal to build up to three casinos in north jersey in order to create jobs in the region. Recently, a Massachusetts developer proposed investing \$4 billion in a casino resort to be based in Jersey City. The resort would, to be called Liberty Rising, would include 5,000 slot machines, more than 200 table games, 1,500 guest rooms all with rail access to New York. Meanwhile, here in central jersey, other lawmakers are proposing an to locate only one additional casino in north jersey (in Bergen, Essex, Hudson, Passaic, Sussex, or Union county) and one in central jersey (in Mercer, Middlesex, Monmouth, Somerset or Warren county.) Those lawmakers who represent south jersey constituents whose jobs are connected to the Atlantic City gaming industry do not view these bill favorably. Many consider expansion outside of Atlantic City to be a compounded problem for the struggling industry and region.

Any expansion to casino gambling in New Jersey would require a constitutional amendment on a statewide ballot for voter approval. It is not clear is such an amendment will be presented to the public this November or potentially in a future election.

The two large issues -- the pension system and saving Atlantic City -- ultimately similarly impact the overall financial viability of our State as well as the burden that both can place on the middle-class working residents in all of our communities. As these issues continue to dominate much of the discussion in Trenton, I will continue to ensure that the best interests of my constituents in Mercer and Middlesex Counties are protected.

I look forward to seeing you back here Under the Dome.

Editor's Note: Assemblyman Wayne DeAngelo (D-Hamilton) represents the 14th Legislative District which includes parts of Mercer and Middlesex counties. He can be reached at AsmDeAngelo@njleg.org; phone (609) 631-7501; www.WayneDeAngelo.org; Facebook: Assemblyman Wayne DeAngelo; or Twitter: @DeAngeloLD14.