

Under the Dome with DeAngelo

*An Update on the New Jersey State Government by Assemblyman Wayne DeAngelo
(July 2016)*

Two extraordinarily critical issues have dominated virtually all of the activities in the recent almost two months Under the Dome in Trenton -- finalizing a state Budget for Fiscal Year 2017 and seeking stable funding for the almost empty Transportation Trust Fund.

Let's start with the State Budget for Fiscal Year 2017 which lays are the spending guidelines for the year through June 30, 2017. The budget that was signed into law comes in at \$34.5 billion which is an increase of 2.1 percent over the fiscal year 2016 budget.

Highlights of the State's budget plan includes:

- \$45 million to fund property tax relief through the Senior and Disabled Citizens' Property Tax Reimbursement Program know as the "Senior Freeze" program.
- An increase in the Earned Income Tax Credit (EITC) up to 30 percent of the federal benefit for approximately 500,000 households.
- Funding of \$403.6 million for Tuition Assistant Grants (TAG) to an estimated 68,000 full-time in-state college undergraduate students.
- \$13.3 billion on preschool through grade 12 education - and increase of \$526 million.
- A combination with federal funds to invest \$127 million in care for substance abuse and behavioral and mental health needs.
- \$20 million for lead testing and remediation in schools and homes.

While funding these key programs will go a long way toward helping sustain state programs, many much-needed programs fell by the wayside. When the budget was presented to the Governor by the Legislature for signature, he slashed many, many programs that are important to the quality of life, health and safety in our State. Items cut out of the budget by the Governor would have provided \$25 million in preschool education expansion; \$20 million in cost of living adjustment of community providers caring for our most vulnerable; \$5 million or Zika virus prevention; \$3 million to provide nutrition for low-income students through Breakfast After the Bell programs; \$2 million for the New Jersey Commission on Cancer Research; and \$1 million for a program to help individuals over age 18 with autism. These are just a few of the worthy, impactful programs that our residents will not have because of the Governor's veto pen.

In a step in the right direction, however, the Fiscal Year 2017 budget did include a sizeable contribution to the woefully underfunded pension funds. Because of legal requirements, there is a \$1.9 billion contribution to the various pension and defined compensation plans. This contribution is a necessary step toward addressing the financial insolvency in the pension funds caused by the state not living up to it's obligations while public employees have continued to pay their share into the fund. The budget's contribution is sizeable, however, there is much more that needs to be done to close the gap in these critical obligations.

Shifting gears to another critical fund in New Jersey that is in peril - the Transportation Trust Fund. In August, the Fund is expected to become insolvent. The state will then have no ability to pay for transportation projects. Because both houses of the Legislature - the State Senate and

General Assembly - could not reach an agreement with Governor Christie on how best to provide a funding mechanism, the clock is ticking.

Why is transportation funding so critical? New Jersey has the sixth highest level of roadway congestion in the country. We have the 15th highest percentage of deficient bridges in that nation in need of repair. Rural and urban roads rank fifth highest in needs of repair in the country. These poor roadways and bridges leads to approximately \$4.6 billion annually in related crashes in our state according to the Pacific Institute for Research and Evaluation (PIRE.) We cannot wait for a tragedy on our roads to act. We cannot wait for a bridge to collapse to devise a plan to fund needed structural reinforcement.

At 14.5 cents per gallon, New Jersey has the second lowest gas tax among any other state. The state tax has not been increased since 1988; the federal rate has not gone up since 1993. Experts claim that the State will need approximately \$20 billion over the next 10 years to cover the costs of transportation projects. While no one wants to increase any tax, including the gas tax, there is a consensus from the Governor and leaders in the Legislature that some increase in the gas tax will unfortunately be necessary to safeguard our roads and bridges.

New Jersey is not alone in needing to fund transportation projects. On July 1, Washington State, for example, raised their gas tax by 4.9 cents per gallon to a total of 49.4 cents. Similarly, Maryland's rate has been climbing since 2013 to a total increase of 30.3 cents. Should an increase go into effect in New Jersey, our residents will not be alone in paying it. Because of the commuter nature of our state on the east coast, approximately 20 to 30 percent of our gas tax is paid by out-of-state travelers. I realize that the majority will still be paid by our residents, but it is the very same roads that we all travel daily that are falling apart before our eyes. And it's these very same residents who will be employed as a result of transportation projects.

Almost 2 million New Jersey jobs fully depend upon an updated transportation infrastructure system: almost 105,000 full-time jobs; more than 52,500 direct jobs in construction and related activities; and more than 52,000 jobs induced or sustained as a result of transportation construction services. This work would contribution about \$5 billion to our Gross State Product (GSP). We would ignite roughly \$9.5 billion in annual economic activity.

Many residents have reached out to me concerned that a gas tax increase will be squandered. That is not an option. We must constitutionally dedicate funding for the Transportation Trust Fund so that our roadways and bridges are safe and can meet the demands on them. We need to parlay this critical need into a way to create jobs and economic growth for our state. For far too many years, short-term fixes have put off finding the solution. The time is upon us; and the Legislature plans to reconvene this summer to come to an agreement with the Governor on how to fix our transportation infrastructure

I wish you all a continued wonderful summer! Until next month -- 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.com; Facebook: Assemblyman Wayne DeAngelo; or Twitter: @DeAngeloLD14.