



## The New Jersey Shuffle

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**W**hat the Governor giveth, the Governor taketh away, at least when it comes to property tax relief. Education funding is one of the components in our property tax bill. New state school aid, which the Governor touts as "property tax relief," is over \$8.3 billion. According to New Jersey's Department of Education state aid summaries, that is a billion dollar increase over last year. Now the Governor is taking away some of this property tax relief by reducing local aid to municipalities, and specifically targeting municipalities with populations of under 10,000 for even more drastic givebacks.

This reduction in municipal aid is not a spending cut. It is simply a government shuffle of our property tax dollars. And, this shuffle has some very severe consequences for many of our towns and the residents who live in them.

Freezing spending is one of the planks in the Governor's financial plan. However, in mid-December the Governor introduced a new school funding formula which was pushed through the legislature on the last day of the session. This new funding formula did not freeze aid. In fact, it increased aid by a billion dollars and included additional funding for pre-school for three and four year olds. To pay for this new school aid, the Governor shuffled the pieces. He found \$190 million for it from the municipal aid budget, with a special \$37 million cut from small towns.

There is a general belief that bigger is better and more efficient. We only have to look at New Jersey's largest cities to know this is untrue. What is most disappointing is how the Governor went after our small towns with a "one size fits all" approach.

Delivery of municipal services is not like distributing "widgets." Some towns have civil service, while others do not. Some towns have volunteer fire departments while others have paid fire departments. But, all small towns share services.

Because of their smaller budgets, small towns by their very nature share services and equipment with other towns, boards of education and the counties. In small towns community involvement is high and volunteers often serve as unpaid workers. This is why the per capita cost in small towns is generally less than that in their neighboring larger communities.

When the Governor gave his budget address at the end of February, most of our municipalities were already in the midst of their own 2008 budget year. The Governor gave no consideration to the fact that many of the small towns had already factored anticipated state aid in their budgets. Nor did he consider that these small towns were already sharing services with other entities. The Governor

just cut the budgets of the small municipalities by \$37 million without warning.

The Governor, did, however, offer \$32 million in grants to towns for any new shared services and consolidations in the future. But this grant money will not be available in time for the 2008 budget year. Moreover, not every larger town wants to consolidate with its smaller neighbor. The merging of police and fire departments has often been an obstacle. Does the Governor want to change legislation and contracts so police and fire departments can be cost effectively regionalized? Perhaps the Governor wants to include the county police in this equation?

The Governor speaks of duplication of services between our municipalities. However, he does not mention the possibility of duplication between towns and counties. Approximately 20-35 percent of the local property tax dollars of each town goes to fund the counties. That's about \$5 billion for county government. For towns that have county roads going through them, one cannot help but question how efficient it is to maintain the county and local roads within the boundaries of a single municipality by two different entities, each with separate road/snow removal/leaf pick-up budgets.

The property tax levy allocated to the county is set by the county. The balance of the levy is set by the school and municipality. By increasing state aid to the schools and decreasing it to the municipalities, the Governor has placed the schools and municipalities at odds with each other. This should not be, for each has a different mission. No one is disputing the importance of education, but is this the time to be adding over \$250 million to create a new pre-school program for three and four year olds? Is this the time to spend another \$2.5 billion in school construction? Or perhaps the towns should reduce their police department? Fire department? End garbage pick-up?

This is not to say that the discussion of consolidations and shared services should end. But this discussion should not be made in panic mode because our Governor chose to increase funding for education without imposing any accountability on county government.

We all understand the need to tighten our budgets. However, to cut out \$37 million in municipal aid, only to offer back the majority of it in grants, makes no sense. Now is not the time to destabilize our small towns. Nor is this the time to have more "make work" grant applications for our state employees. This \$37 million is an easy New Jersey shuffle that can and should be avoided. At the very least the \$32 million in grant funds should be reincorporated back into this year's municipal aid budget for our small towns. ▲