



STATE OF NEW JERSEY OFFICE OF THE GOVERNOR

Fundamental Reform to Protect Education and New Jersey's Children

Christie Plan to Control Costs at the Local Level: A Toolkit of Reforms for School Districts

"When you go to the voting booth on Tuesday, remember that the only way we will get through the challenges of today is by facing them now. **Our state, our families and our children can no longer afford government at any level that wishes problems away or stands in the way of necessary change.**" – Governor Chris Christie, 4/18/10

Governor Christie has offered real, tangible solutions to help local school districts control costs in the long-term and realize additional near-term savings during the current economic and fiscal crisis. These reforms are critical to protecting the quality of education New Jersey's children receive while limiting property tax increases. Governor Christie is proposing a package of reform legislation designed to enable school districts to better manage their budgets and, by extension, hold down property taxes for New Jersey families.

Cap 2.5 Amendment to Limit Property Taxes. Governor Christie is proposing that the legislature approve for the voters' consideration this November an amendment to the New Jersey Constitution that would limit to 2.5 percent annual increases in property taxes imposed by school districts, municipalities and counties. He is also proposing a similar constitutional cap on growth of spending on state government operations.

Providing Mandate Relief. Education dollars belong in the classroom and should be spent on instruction, not on more administrators and additional compliance costs to address onerous requirements that have questionable value and utility in the first place.

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Collective Bargaining Reform. Better than anyone else, school boards and superintendents understand that the collective bargaining system is in desperate need of reform. The current statutory framework unfairly favors the interests of public employee unions to the detriment of taxpayers. To level the playing field, the Governor has called for changes that would prohibit salary and benefit cost increases associated with any new labor contract from exceeding a 2.5 percent cap. Additionally, the Governor has called for reinstating the ability of school districts to impose a "last, best offer" contract under certain circumstances.

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Employee Benefit Reform. We must move closer to parity between the private and public sector employee

benefits in our state. In many parts of the state right now, public sector employees enjoy full benefit packages, including healthcare, with no salary contribution of their own. The Governor recently signed into law reform legislation requiring that all public employees in New Jersey contribute at least 1.5 percent of salary toward the cost of their health benefits no later than when their existing contracts expire. This results in an immediate savings of \$315 million this year, and an estimated \$8 billion over the next 15 years.

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Pension Reform. While the recent pension reform bills signed into law last month are a good and encouraging start, we must go further to rein in the debilitating costs associated with outsized pension and benefit packages enjoyed by public employees. Among other things, the Governor is proposing additional legislation to roll back the 9 percent increase in pension benefits granted by the Legislature in 2001 for all pension service credit earned in the future, and cap payouts for accumulated sick leave at \$15,000 for current as well as future employees to the extent permitted by law.

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Executive County Superintendent Approval of Contracts. To help school districts manage personnel costs, the Governor is proposing legislation that would require Executive County Superintendent approval of all school contracts. Approval would be withheld for contracts that increase annual salary and benefit costs more than the 2.5 percent cap, fail to include cost sharing for health benefits, fail to require at least five hours of actual teaching time per day for teaching staff, fail to specify a minimum number of work days or bar the contracting out of ancillary services.

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Election Reform. The Governor is proposing legislation to move school board elections to November. In addition to increasing voter participation in these elections, localities will achieve cost savings associated with administering a stand-alone election in April.