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STEVE ADUBATO, host:

I recently had the opportunity to sit down with New Jersey Governor Jon Corzine for a live call-in where he responded to a range of questions posed by New Jersey citizens. We hope you enjoy this very special edition of DEMOCRACY WORKS.

Announcer: Major funding for Corzine on the Line, a special edition of DEMOCRACY WORKS, has been provided by QualCare, Inc.; MDAdvantage Insurance Company of New Jersey; New Jersey Natural Gas; The Port Authority of New York and New Jersey; New Jersey Monthly; Susan G. Komen for the Cure, North Jersey affiliate; Saint Barnabas Health Care System; the Provident Bank; and the New Jersey Education Association.

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ADUBATO: Welcome to Corzine on the Line. I'm Steve Aduato. We're joined in the studio by New Jersey Governor Jon Corzine.

Governor, I want to thank you so much for joining us.

Governor JON CORZINE (New Jersey Governor): Good to be here.

ADUBATO: As I said to you before we got on the air, this is, in fact, an electronic town meeting in so many ways. We're being joined by our partners in Philadelphia, WHYY-TV 12; also on the radio at 91 FM, WHYY down there. Also, you can check us out at nj.com, which is the Star-Ledger's Web site. Folks, we let the--governor, we let people know through nj.com that we were going to have you and got literally 200 e-mails.

Gov. CORZINE: I saw a lot of your ads. It was good.

ADUBATO: E-mail questions, telephone questions, and also questions from WHYY from people on the street in central and south Jersey.

Governor, you ready to take your first call?

Gov. CORZINE: Let's go for it.

ADUBATO: We're going to go to Belmar, New Jersey, and I believe Bill is watching us on 13 WNET.

Welcome, Bill.

BILL: Hi, thanks.

Governor, if the turnpike in the parkway is privatized, what's to stop the new owners from jacking up the toll so high that we can barely afford to drive on it?

Gov. CORZINE: Thanks, Bill. I figured that question would come across. First of all, just like we have supervisory bodies, regulatory bodies of utilities and other kinds of public supervised corporations, you could have supervision of the parkway and the tollway and put constraints on what kind of toll prices you could have through the--through that new company. By the way, no decision has been taken on this, and there's no guarantee that anybody would argue that it ought to be sold to a private entity. Could very well be sold to a new public entity controlled by the state, controlled by maybe even the pension funds of the state of New Jersey. So--there're lots of different options, there's a lot of speculation about what this is going to look like when my team, my administration hasn't even decided we want to move in this direction. But the one thing I can tell you, there's no way that we're going to turn loose just free will to some private corporation to set the prices any way they want to think to do it.

ADUBATO: Governor, before we go to Jim, I just want to clarify something. This thing is called "monetization."

Gov. CORZINE: Monetization is a term that covers a lot of different ways to try to generate resources from an asset. For instance...

ADUBATO: State assets. Public assets being sold to private entities.

Gov. CORZINE: State assets. No, not necessarily to private entities. You could sell it to a public entity. You could securitize future toll increases that the state might impose. They're going to raise tolls at some point, at some place. You could capture the value of that the same way you would if you had a stream of income off of a credit card. You could go out and sell that future value to somebody.

ADUBATO: But you need to do this because you're saying revenue is needed.

Gov. CORZINE: Well, I'm saying it because we have the third highest debt load in the country. We have an \$80 billion unfunded health care liability for our workers and a \$25 billion unfunded pension liability that we are obligated to pay. And the debt is so overwhelming that the state has very little ability to do anything else that it wants to do.

ADUBATO: Folks, I know you're watching us, and all along a variety of states, and not just New Jersey. We're seen in Connecticut and New York, got the 13 WNET audience, and down in Philadelphia and Delaware on central and south Jersey on WHYY. Please pick up the phone, call us. Because New Jersey issues impact the states around it. And I know we have Jim on the line.

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ADUBATO: Jim, this is Steve Adubato. More importantly, the governor is here in the studio. What's your question?

JIM: Governor, given the continual investigations of the Jersey government ethics reform, why would you approve a state budget that includes many Christmas tree items?

Gov. CORZINE: Well, first of all, I had the largest line item veto--set of line item vetoes of any governor in the history of the state after the budget.

ADUBATO: Governor, before you go any further, let's do this. I have a feeling people don't have a context for this. Jim, I appreciate your question. Let me set it up real quick. Last year when the budget was struck, the governor proposed a sales tax increase from 6 to 7 percent. Not easy. Government shut down for how many days?

Gov. CORZINE: About eight.

ADUBATO: Last minute many legislators said, 'We'll go along, but we want these "Christmas tree" items.' They put items in the last minute budget, \$350 million, if I'm not mistaken.

Gov. CORZINE: Well...

ADUBATO: I know you didn't want to do it, but you did it. This is what's being investigated by the US attorney right now, and that's what Jim's asking about.

Gov. CORZINE: First of all, this is like earmarks in Washington. These are, some of them, worthy causes; some of them, not so worthy, and backed up by political desires of individual legislators to reward somebody for something.

ADUBATO: Hm.

Gov. CORZINE: Not all of them are bad. Some of them go to hospitals that would shut down if you weren't able to do it. Some of them went to colleges and universities. The fact is this is a bad, bad way to do your budgeting process. After we agreed on a budget, then the legislators came back with these items. We lined out the ones that we thought were the most egregious, the things that had no justification, 58 million to be exact. This is a pattern of behavior that has gone on for a very long time, and I said, at the time I signed the budget, this was not going to happen again in the future. This budget that I just announced yesterday and put forward before the legislature, we put out a whole series of reforms that'll piggyback on some that were suggested by the Senate president. And we're going to change how budgeting is done. And we need to be able to see a budget early enough that we can actually study it long enough to make the decision about what should be in it and shouldn't be in it.

ADUBATO: So before we go to the WHYY question about property taxes, I want to be clear. You're saying that under your administration, there will no longer be these last minute inclusions by legislators, and the last minute that the US attorney's looking at right now, that will not happen in this administration.

Gov. CORZINE: That it should not happen. I don't see any reason why there shouldn't be three days between when a budget is presented to me, have a chance to study that. I don't see any reason why there should be anything in a budget that hasn't gone through the Budget Committee.

ADUBATO: As I said to folks, we're being joined on a variety of media platforms. Our friends at WHYY-TV 12 went out and spoke to people in central and south Jersey, and I believe the first question is about property taxes. Let's go to the videotape.

BRENDA JORETT reporting:

Thank you, Steve. I'm WHYY's Brenda Jorett, and we've come to the heart of New Jersey to hear from Garden State residents what matters most to them, and hear their questions for Governor Corzine.

Mr. GEORGE BERNET (Princeton Junction): I recently moved into a new house and my taxes just skyrocketed. And I'd like to know what--you know, the legislature seems to be fumbling its way along, and I'd like the governor to maybe give them a little direction in how to reduce our property taxes and, at the same time, fund all the things that have to be funded.

ADUBATO: Governor, I don't know if you picked up that last part. Direction to the legislature on cutting property taxes, but, quote, as George said, get us the other things we want.

Gov. CORZINE: (Unintelligible). Well, that's one of the--one of the dilemmas that you have in government. On the other hand, it is very clear to me that we needed a break in how property taxes both have been levied, how they've come about to be. We need some controls on basic costs at local levels as well as the state level. And we need to--we need to make sure that we provide property tax relief to the individual taxpayer. We have the most regressive--that means the people who make the least pay the highest percentage of property taxes to their local communities for education and their local governments. And what we have decided to do--and it's done, as long as we get some more--few more reforms done--is we will provide a 20 percent credit to each taxpayer who makes less than \$100,000.

ADUBATO: OK, go through this. You make less than 100 grand, you get a 20 percent tax credit.

Gov. CORZINE: Twenty percent tax credit, right.

ADUBATO: Was that about a thousand bucks?

Gov. CORZINE: It's--on average, it's a thousand bucks. About 1200, since \$6,000 is the average taxes that...

ADUBATO: OK.

Gov. CORZINE: ...property taxes an individual in New Jersey pays. If you make more than 100,000, but less than 150, you get 15 percent. And from 150 to 200,000, you get 10 percent. It is graduated so that those that're doing well economically are getting a little less of a break.

ADUBATO: Governor, over 102--excuse me, over \$250,000--I want to be clear--if you live in New Jersey, you do not get the tax credit.

Gov. CORZINE: You do not get tax credit. We are also doing some other things, though. By the way, that's 1.9 million of the two million property taxpayers in New Jersey will actually get a tax break. Something like 94

percent of the people that pay property taxes. So we're getting at a lot of folks. We're also going to impact about 500,000 renters, people who make \$50,000 or less will get something between 200 and \$350 on a credit because property taxes just flow through.

The other thing we're doing, for the first time in five years, we're giving both municipal aid and school aid to the local governments. They will help hold down their budget so they don't have to turn to the property tax to pay for teachers, to pay for police and fire, that the state is actually going to take up a greater element of responsibility.

ADUBATO: Let's clarify some things, folks. On average, New Jerseyans have been paying 7 percent a year more for property taxes in five years.

Gov. CORZINE: Year over year.

ADUBATO: Year over year. So that's 35 percent over five years for a lot of folks.

Governor, I have to ask you, it's a start, but a lot of people have questioned what happens the next year and the next year and the next year, because people are 30 days--they see themselves as 35 percent behind, or paying more, if you will, in property taxes, and this is a start. What happens after this?

Gov. CORZINE: Couple of things. First of all, we're putting a cap on the rate of increase that the local government can raise anybody's...

ADUBATO: Four percent.

Gov. CORZINE: Four percent. Now, it has some caveats where there are exclusions. They're actually not as broad and big as people would like to make them out to be. I helped write this bill. I feel like it will break the 7 percent--we won't go to instantly to 4 percent, because there are obligations that were already incurred for debt, for...

ADUBATO: Energy costs and others.

Gov. CORZINE: No, no, energy costs are not included.

ADUBATO: How about insurance?

Gov. CORZINE: Insurance is not included as an exclusion. It is--people can apply, but we will--people in localities can apply, but it's up to the administration to say whether it's acceptable exclusion or not, exemption. So the fact is is that we're going to break that 7 percent. We're going to push it down towards 4 percent over the next three or four years. That's going to change.

We've--as you well know, Steve, we just negotiated a contract with our state workers. For the first time, if this contract is approved, state workers will be paying something--they'll be contributing, to their health insurance, paying for it.

ADUBATO: More in pension as well? More in pension contributions.

Gov. CORZINE: And they will be--we've changed the retirement age from 55 to 60. We have--we've said we're going to have a defined contribution plan above

97,000. All of these things will set a pattern for local school districts and towns to implement in their own negotiations. All of those things will make meaningful difference in the cost of providing local governance services over a period of time. Now, it's not going to be instantaneous. The credits will be. The checks will flow--the 20 percent, the 15 percent and the 10 percent will flow in September, early October. But these reforms that will actually work to lower the cost and, therefore, lower the rate of increase of property taxes will take six months, 18 months, two and a half years, little longer to work its way through the system.

ADUBATO: We'll take more of your calls in just a minute. Stay with us. We'll be right back.

Announcer: If you would like more information on this program or if you'd like to express an opinion, e-mail us at democracyworks@caucusnj.org or visit us online at democracyworksNJ.org.

ADUBATO: Donna, this is Steve Adubato. You're calling from Mount Laurel?

DONNA: Yes, I am.

ADUBATO: Talk to the governor. We're pleased to have you with us.

Gov. CORZINE: Hi, Donna.

DONNA: Hi. On education, governor, under No Child Left Behind, how do you propose teachers still educate their students meaningfully when there's such a pressure to teach to the test?

Gov. CORZINE: That is a problem, Donna. There is way too much testing going on. We have to, in my view--and that doesn't mean we don't have to have accountability. We need to know whether there's real progress. But there are far too many situations where I think the progress of a child is judged by how well they do on a test and not their ability to think and not their ability to actually master material other than how they're going to score on the test.

We're trying to make sure that there is a focus on making sure that you have a complete educational process, and the kids--we have a full core curriculum. We've got a lot of reforms going on. Leave No Child Behind mixes many of our children who have needs, special needs, in with the general population on who's passing tests. There needs to be revision of that in Washington. I think everyone knows it. It's actually up in front of Congress right now for reauthorization, and there need to be changes in it. But I think that we need to stay balanced between measuring how our children do, A, take tests, but also making sure that they have the capacity to think and master broad materials.

ADUBATO: Governor, if I can get a short answer to this, because, again, folks are communicating and asking questions via telephone and also you see our e-mail address, please feel free to logon, and we'll also be going to another WHYY-TV 12 question in a second, but you talked about putting pressure on local governments to only increase their spending by 4 percent annually.

Gov. CORZINE: Mm-hmm.

ADUBATO: The state budget that you...

Gov. CORZINE: Actually, the way the cap works is against their total increase in the property tax levy that they lay on the city.

ADUBATO: Got you. Some people have asked, 'Wait a minute. If the governor and the legislature are proposing this 4 percent cap, if you will, on that end, this latest budget that you've proposed, if I'm not mistaken, is an increase by--of 7.2 percent.' What do you say to those who say, 'Wait a minute. If the local government should have a cap or a limit on the annual increase in what they spend, why shouldn't the state?'

Gov. CORZINE: The property tax relief that we're actually giving out in these credits and increases in aid to education and to municipalities, which all is classified as property tax relief, is about 5.2 percent of the total amount of growth in the budget. In spending, any increase in spending we have, including, by the way, the contracted amounts that we were given on debt payments, on contracts with workers, the 8 percent increase in health care costs that we're absorbing, just like everyone else, is 2 percent. It's only the credit--the work--the money that we're transferring to try to lower people's property tax bills is the only thing that's driving--or, is the primary amount that's driving--the growth in the budget.

ADUBATO: The e-mail address, folks, is democracyworks@caucus--that's C-A-U-C-U-S--@nj.org. Please write to us with your e-mail questions. I promise as many questions we can get as possible.

There's a lot of duplication because, obviously, governor, you know people are concerned about property taxes and other issues. But we're going again to our friends, our partners in Philadelphia, WHYY. We have another question for the governor. Let's go to the videotape.

Mr. STEPHEN DAVIDSON: Well, I'm very interested in prison reform, especially the death penalty. I'm very much against the death penalty, and I'd like to know what he's going to do about it.

ADUBATO: Prison reform is the question, governor.

Gov. CORZINE: Well, let's take the death penalty issue. I think most people know that I am opposed to the death penalty, have been, made that very clear since the time I first ran for the United States Senate. We just had a commission come back that recommended that we consider abolishing the death penalty and putting in place, instead, a life imprisonment without the possibility of parole. I...

ADUBATO: What do you believe?

Gov. CORZINE: That is exactly what I believe we ought to do, and we'll be working with the legislature as we go through this year and next. This is one of those controversial items. I think the commission focused particularly on the fact that, even though we've had the death penalty, we've had no executions for better part of 30 years. It is far more costly, and people find it not the proper application of justice, even if you believed in the death penalty, to go through all this appeal process.

ADUBATO: So you support life in prison, no parole?

Gov. CORZINE: Prison, no parole. That's capital punishment, in my view.

ADUBATO: We go to Nutley, New Jersey, the home, I guess--is it Martha Stewart who lived there? Right. This is not Martha Stewart on the line. I know we have Reverend Pamela.

Reverend Pamela, the governor's here, Corzine on the Line. We're ready to take your call, go ahead.

Reverend PAMELA: Governor, when ex-offenders are released from prison, they're excluded from a vast number of employment opportunities, they're refused licensing, they may never be able to get a driver's license, they're ineligible for state education grants. How are we going to help these men and women find jobs that make a living wage if they are ineligible for the usual methods of advancing yourself?

Gov. CORZINE: Well, that's a--first of all, it's a great question, and we have entrain through the attorney general's office and another one of the commissions that we've asked to look at sentencing guidelines and to look at a whole series of re-entry issues, would try to facilitate bringing people who have paid their debt to society, put them in a position where they can be fully participating members of our society going forward. There're a lot of jobs that, if you are someone with a criminal record, you can't take on. For instance, you can't work in the Port Authority.

ADUBATO: Right.

Gov. CORZINE: You can't work down on the docks, great blue collar jobs which we need to examine and change the rules if we have certain conditions met by how an individual has handled themselves, and I...

ADUBATO: You're open to this?

Gov. CORZINE: I'm open to this.

ADUBATO: You know, governor, another thing you may be open to, I'm not sure.

Gov. CORZINE: By the way, I have--I have to say that part of the reason that people don't find jobs, though, is we do nothing or do very little about developing skills in the people who are in prison so that they can...

ADUBATO: What do you say to those--excuse me, governor, for interrupting, governor. What do you say to those that's not--who say, 'That's not our problem. They committed a crime. Put them away. Lock them up, throw away the key and forget about them.' What's the problem with that approach?

Gov. CORZINE: Well, first of all, depends on whether this is a capital crime or this is--someone is going to be in prison for two years and then back out into society.

ADUBATO: Sure.

Gov. CORZINE: If someone comes into prison without a high school diploma, without the skill set to go out and find a job, instead of reincarcerating someone, which costs 30 or \$35,000 a year, why don't we try to train that person so that they can be a productive taxpayer when they come out? And I think we need to revise how we are using the time that people are in prison. And we're working on some of those issues, as well.

ADUBATO: Governor, nj.com, which is, in fact, the Web site for the Star-Ledger, again, we got so many e-mail questions. And the first one comes from Vincent.

Vincent, hopefully, if you're watching, I'll get it right. Vincent lives near Atlantic City. He wants to talk about smoking in casinos. In fact, there was a law passed in New Jersey that banned smoking in public places except casinos were exempted. Here it is. Vincent asked, from Summer's Point, "Governor, how many more casino workers, like me, Vincent, will have to get lung cancer from working near secondhand smoke before the governor and the government ban smoking on casino floors in Atlantic City? We are dying here. We need a 100 percent smoke-free casino environment."

And you say to Vincent?

Gov. CORZINE: I agree with that. I do think that we need to be cognizant of how we move to that, and I think the Atlantic City...

ADUBATO: Municipal council?

Gov. CORZINE: ...municipal council came up with a good intermediate step, but it has to be an intermediate step that I think is only that, something that will lead to a 100 percent ban.

ADUBATO: We go to WHYY, another roll. And I believe we have George from Voorhees, and he wants to talk about the issue of tolls.

Go ahead, George.

Mr. GEORGE GRIMES (Voorhees): My question is about tolls on the toll roads. I travel to Jersey City for work every day, and it's a bit expensive going there and coming back every day. So it takes a lot out of my salary for that. And that's my question, what he's going to about, you know, I heard the tolls are going up this year, I think.

ADUBATO: Tolls, governor.

Gov. CORZINE: Well, actually, tolls are not in--at least to my knowledge--going up at any time soon.

ADUBATO: Would you know?

Gov. CORZINE: I would know. But that doesn't mean that there won't be toll hikes. If we're going to maintain the quality of our New Jersey Turnpike, frankly, if we're going to continue or try to upgrade the quality of the parkway, we're going, at some point, have to consider that. It may be several years, but it is going to have to be considered at some point in time. One of the elements of the debate about whether we monetize--which again, doesn't mean go to private owners, doesn't mean not go to private owners; could be a lot of different options--will be about how do we control the rate of potential increases in toll on the highways if they were to be monetized. All of that needs to be debated. But at some point--it's kind of like mass transit--we have to have some increases in the prices that we receive for the service that is provided if we're going to be able to continue to provide good services.

ADUBATO: That's all the time we have, so join us next time for more of this

very special edition of DEMOCRACY WORKS, Corzine on the Line.

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