Small towns stand to lose state aid

I URGE EVERY OFFICIAL TO STRONGLY OPPOSE GOVERNOR JON CORZINE’S CUTS IN STATE AID TO SMALL COMMUNITIES. TOWNS WITH A POPULATION OF LESS THAN 5,000 WILL NOT RECEIVE PROPERTY TAX RELIEF AND TOWNS WITH A POPULATION BETWEEN 5,000 TO 10,000 WILL HAVE THEIR AID CUT IN HALF AND 243 MUNICIPALITIES WITH POPULATIONS OVER 10,000 WILL SEE THEIR STATE AID REDUCED TO THE AMOUNTS RECEIVED IN THE STATE’S 2006-2007 BUDGET. THERE ARE 323 TOWNS WITH FEWER THAN 10,000 RESIDENTS.

ACROSS THE STATE, MAYORS HAVE REACTED TO GOVERNOR CORZINE’S PROPOSAL WITH “ABSOLUTE OUTRAGE” ACCORDING TO WILLIAM DRESSEL, EXECUTIVE DIRECTOR OF THE NEW JERSEY STATE LEAGUE OF MUNICIPALITIES.

SENATOR JOSEPH KYRILLOS CONTINUES TO PUSH FOR AN INDEPENDENT COMMISSION THAT WOULD PREPARE A BINDING LIST OF MUNICIPALITIES TO BE MERGED. THAT LIST WOULD THEN BE VOTED ON BY THE LEGISLATURE.

I URGE EVERY OFFICIAL TO MAKE AN ALL OUT EFFORT TO OPPOSE SENATOR KYRILLOS’S PROPOSAL WHICH MANDATES WHICH TOWNS SHOULD MERGE.

FORCED MERGING OF COMMUNITIES WILL NOT SAVE MONEY ACCORDING TO PAST STUDIES BUT WILL HAVE A DETRIMENTAL EFFECT ON THE THOUSAND OF VOLUNTEERS THAT HAVE SAVED THEIR TOWNS MILLIONS OF DOLLARS. DEDICATED EMPLOYEES WOULD LOSE THEIR JOBS INCLUDING ADMINISTRATORS OR MANAGERS AND THOSE THAT HAVE TENURE SUCH AS MUNICIPAL CLERKS AND DEPUTY MUNICIPAL CLERKS. MANY WHO HAVE GIVEN A LIFETIME OF TIRELESS AND DEDICATED SERVICE AND HAVE ALWAYS MADE THE RELENTLESS EFFORT TO SAVE THEIR COMMUNITY MONEY. “NO ONE CAN GIVE A COMMUNITY A RICHER GIFT THAN A GENEROUS PART OF A PRECIOUS LIFETIME” IT IS VERY DIFFICULT FOR ME TO BELIEVE WHY ANY STATE OFFICIAL WOULD USE CUTS IN STATE AID TO FORCE TOWNS TO MERGE OR PLACE THE LEGISLATURE IN A POLITICALLY EXPLOSIVE POSITION TO MANDATE CONSOLIDATION. “HOW SAD”. LAWENCE ANZOVOINO, FORMER MAYOR OF DUNELLEN AND EXECUTIVE DIRECTOR OF THE NEW JERSEY MAYORS ASSOCIATION-ORGANIZED IN 1975 AND INCORPORATED IN THE YEAR OF 1976.

TRENTON BUDGET CUTS THREATEN A WAY OF LIFE

When the Department of Community Affairs posts new state aid figures Monday, Branchville stands to lose $878,838, or more than two-thirds of its municipal budget.

Municipal Clerk Kathryn Leissser also serves as deputy tax collector, registrar, resource manager and welfare liaison, among her 11 titles.
The state's smallest towns — 323 of them — will have to think long and hard about staying small. Gov. Jon Corzine's budget proposes a modest carrot and a serious stick to prod them into joining their neighbors, to reduce operating costs.

The budget Corzine presented yesterday drastically reduces state aid to towns of fewer than 10,000 residents, but offers them a share of $32 million in grants to help them consolidate with other towns or share services. Towns with populations under 5,000 would receive no state property tax relief aid, and those between 5,000 and 10,000 people would see their aid cut in half.

William Dressel, director of the New Jersey State League of Municipalities, was angered by the changes targeted at small towns, saying "these arbitrary population limits seem designed to force local officials into otherwise unwise and inefficient consolidations."

The 243 municipalities with populations over 10,000 will see their state aid reduced to the amounts they received in the 2006-07 budget. Special aid to financially struggling cities has also been eliminated.

The governor said 90 percent of homeowners will receive a property tax rebate. Those earning less than $100,000 — 70 percent of households — should expect to receive the same rebate as last year. Those earning between $100,000 and $150,000 will receive two-thirds of the amount. Households with an income of over $150,000 will no longer be eligible for rebates. In addition, renter rebates will be reduced.

The senior citizen tax freeze will be expanded to an income level of $75,000, a break for over 150,000 more senior households.

William G. Dressel Jr., executive director of the New Jersey State League of Municipalities, said the state is responsible for allowing pension and health care costs to get out of hand, then forcing the municipalities to pay more to make up for it.

Gov. Jon Corzine's proposed state budget alarmed some top hospital and health care officials, who warned yesterday that his plan to slash more than $100 million in charity care payments for uninsured patients would force cash-strapped hospitals to close.
State shares blame for property tax woes

By WILLIAM G. DRESSEL Jr.

Beware those who embrace simple solutions. Yet, the simple solution is exactly what some op-ed writers, business advocates and legislators are now embracing. They say the property tax problem is simply solved by attacking home rule. Consolidation saves money, they argue.

Businesses have successfully merged entities, saved money and continued quality service. Why can't government do the same? Remove home rule, they say, force towns to consolidate and the savings will result. This is a compelling but superficial argument.

Local governments must change the way they do business, they say.

Well, it would be much easier for local governments to do this if the state upheld its end of the bargain and maintained aid to municipalities, at the very least, to the rate of inflation. State government relies on sales and income taxes, which automatically adjust to inflation. The private sector has the option of increasing its prices. Local governments are forced to rely on the regressive property tax to support services to residents.

And it would be easier to change the way local governments do business if labor costs did not drive up local budgets every year. In the private sector, businesses have the option to negotiate changes with their work force. In the public sector, there is significantly less flexibility to do so, and we must rely on an arbitration system that is weighted heavily in favor of public sector unions.

Consolidation saves money, they proclaim.

We agree that regionalization and service sharing present excellent opportunities for local savings. That is why so many municipalities have been involved for so long in so many such arrangements. Unfortunately, there are many impediments for larger-scale sharing of services, such as the labor contracts and civil service requirements that make the sharing of big-ticket items inefficient and ineffective. For instance, under current law, if two municipalities wanted to merge their public works departments, and one is a civil service municipality and one is not, the one that is not must guide its workers into and through the civil service system.

In these circumstances, consolidation would not save money. While sharing of services may reduce costs, the blanket statement that consolidation of services always saves money plainly is false.

The evidence we have seen is that interlocal services may generate modest savings.

For instance, in a 2003 report from Rutgers, the state university found that reducing the number of school districts in the state in half (a tall order to begin with) would result in a $365 million savings after four years. This is a good savings, no doubt, but a drop in the bucket in the big picture and would barely make a dent in the property tax crisis in which we find ourselves.

Furthermore, how will the quality of services be impacted? We recognize the efficiency of service delivery must be continually improved. But how will the effective delivery of these services to our residents be impacted? That's more difficult to quantify.
Home rule is a myth. It doesn’t really exist. There is no constitutional or statutory basis for home rule in New Jersey, they assert.

This is not true. Article IV, Section VII (11) of the state constitution and the Home Rule Act of 1917 (NJSA 40:42 et seq.) provide for reasonably strong constitutional and statutory foundations for home rule in New Jersey.

Defenders of home rule are just zealously protecting their own fiefdoms, they exhort.

What some call fiefdoms are democratically elected governments, Home rule is self-determination: Locally elected officials are held directly accountable by voters. Those who resist sharing of services must defend that to their neighbors who voted them into office. And procedures, albeit difficult ones, to consolidate municipalities already are on the books, subject to the approval of voters. The Legislature would do us all a disfavor by substituting its judgments for those of the citizens of the state. Diminishing home rule disenfranchises voters.

Of course, the Legislature has failed to enact a citizens’ convention, refusing to allow the public to have its chance against the property tax monster. Now, some want to further erode voter participation by reducing local control.

So, let’s present an alternate theory: The property tax crisis we find ourselves in has little to do with home rule.

Instead, the Legislature should focus on the burdens and mandates it imposes on local governments. For instance, as Gov. Corzine rightly noted in his address to the Legislature, state aid to municipalities has been flat for five years. This failure to even keep up with the rate of inflation has burdened local budgets.

Labor costs continue to strap local budgets. For instance, in its recent series “Runaway Pay,” the Bergen Record rightly called public employee compensation “the biggest reason for our fiscal woes.” The Record’s focus on teachers and public safety officers sheds light on the major problem facing local elected officials and the property tax-paying citizens they have sworn to serve.

On Monday, local officials were informed by the Division of Pensions that 2007 property tax contributions to PERS and PFRS will total $650 million. That will mean $267 million in new spending, over which local officials will exercise no control, next calendar year.

We support shared services. And if two or more municipalities want to consolidate, we’ll do everything we can to make it work. In fact, it’s part of the league’s mission to make such efforts work well. Home rule is not an impediment to these efforts. It just ensures that the final arbitrator is the voter. We trust the voters and the local officials to act on their behalf, and we don’t presume to substitute our judgment for theirs. Instead, it’s time for the Legislature to recognize all of the complex factors that have contributed to this crisis — including its own actions and omissions. And it’s long past time for progress toward a comprehensive solution.

William G. Dressel Jr. is executive director of the N.J. State League of Municipalities.

IN APPRECIATION TO

WILLIAM G. DRESSEL, JR., EXECUTIVE DIRECTOR OF THE NEW JERSEY STATE LEAGUE OF MUNICIPALITIES, WHOSE UNSELFISH DEVOTION EXTENDS ITSELF THROUGHOUT THE STATE, HAS GIVEN HIS LIFETIME A VERY SPECIAL MEANING. HIS OUTSTANDING INTELLIGENCE, GIFTED PERSONALITY, COMMON SENSE AND INCOMPARABLE COMMUNITY SERVICE IS APPRECIATED.

SPEAKING OUT BY WILLIAM DRESSEL “STATE SHARES BLAME FOR PROPERTY TAX WOES” WAS SENT TO ALL NEW JERSEY COMMUNITIES LAST YEAR”

Larry Anzovino
Executive Director