

Fresh Look at New Jersey Finances

New Jersey is preparing to inaugurate a new governor this January. While the outgoing governor was a former Goldman Sachs chairman, and thereby assumed to be financially savvy, his administration followed the same failed "tax, borrow, and spend" strategies as his predecessors of both parties.

Clearly, the state budget is a lightning rod issue. However, New Jersey residents need to "step back" and consider the "big picture". (Applicable for all state residents, as most US states are in similar situations.)

New Jersey has:

- State income tax
- Sales tax
- Property tax
- State Lottery
- Tolls on three major state roads

Citizens are owed a very clear, concise, focused report on state's "Income Statement" - what comes in, what goes out and where. As much as I dislike "management consultants" such as McKinsey, Bain, and The Boston Consulting Group, wouldn't it be fascinating to see them analyze the state's finances and recommend economies?

Instead, elected officials - starting with the Governor - always launch the discussion with the "doom and dread" financial alternatives - cutting off oxygen to the state, closing beaches, firing police and fire-fighters (but never bureaucrats), closing libraries, parks, throwing seniors in front of trucks on the Turnpike, etc. All in an effort to scare citizens into accepting some type of Tax Increase(s). Rarely do they ever address the major cost contributors - headcount and inherent structural inefficiency in state-local government.

In the spirit of a new administration and taking a fresh look at New Jersey's finances, here are some initial recommendations that would immediately result in significant cost savings with no negative citizenry impact:

- Eliminate one level of New Jersey government. Senate, Assembly, County, Local. The state has too much government. Pick one and cut it. Or eliminate salaries for actual officials - not clerical staff, but officials who tend to "double" and "triple" dip in government jobs. They all have outside law practices with separate incomes anyway. Let them demonstrate a real service mentality.
- Consolidate Police organizations. Every New Jersey town has its own police force and headquarters. In my rural area alone there are Raritan, Somerville, Bridgewater, Branchburg, Manville, Hillsborough, and Reading ton police forces. Don't reduce actual "working officers", reduce the headquarters - management-overhead.(Visit any NJ police station and you will see a "used care lot" number of parked police vehicles. Multiply this by the number of local police organizations and you have an easily excised expense.) Consolidate police organizations at a County Level. Concurrently, clarify the role of the New Jersey State Police - do they patrol major highways only? Why do we see them on local roads - neighborhoods and what are these "Sheriff's" cars we see? With all this state and local police, what is the Sheriff's role - are we in Sherwood Forest?

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- Consolidate School systems at a County level. Drive economies of scale on textbook, food service, busing, maintenance, faculty contracting. Require teachers to pay a portion of their healthcare expenses. Everyone else does.
- Consolidate state Toll Roads into one authority. New Jersey collects tolls in at least two different manners - one on NJ Turnpike, the other on the Garden State Parkway. Eliminate Parkway toll booths and adopt Turnpike ticket approach across the state. Speeds traffic flow, avoids dangerous Parkway start and stop conditions. Consistent income, lower expenses.
- Sell naming rights to any immobile structure in the state. Seriously. If corporations will pay for naming rights to schools, parks, bridges, buildings, stadia, highways, rest stops, they should be allowed. What is wrong with Merck Rest Area, Novartis Bridge, etc.? For goodness sake, there is a bridge in New Brunswick named for a state senator who was jailed! (Lynch). Have Bon Jovi, Springsteen, or Meryl Streep buy the naming rights to the Parkway.

Of course, these are logical, easily accomplished, citizen focused and thus totally anathema to elected state officials, of either party. It is really time for New Jersey citizens to realize the state's financial issues are THEIR issues. The state has high property taxes because citizens vote for higher property taxes with every school budget they pass, or when they allow local governments to override rejected budgets.

In conclusion, the state has plenty of money, it is just doing a terrible job of financial stewardship. I challenge the new Governor to empanel a team of Chief Financial Officers from major New Jersey corporations to examine New Jersey's finances and recommend action steps. I would propose the same challenge to a group of second year MBA students at any business school in the tri-state area. Let's see their thinking, we know what is coming from Trenton, Hartford, and Albany. It's time for a really fresh look at New Jersey state finances.

McNealy's Missiles
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