

EXECUTIVE ORDER NO. 14

WHEREAS, the State of New Jersey ("State") is confronting an unprecedented financial crisis affecting all levels of government; and

WHEREAS, actual and anticipated revenue collections by the State continue to fall far below the amounts estimated in the Fiscal Year 2010 Appropriations Act, P.L.2009, c.68; and

WHEREAS, the Acting State Treasurer estimates that the State expects to realize revenue shortfalls in its sales and corporate business taxes of approximately \$442 million and \$180 million, respectively; and

WHEREAS, the Acting State Treasurer further projects that realty transfer and insurance premium taxes are expected to be short by a combined \$200 million; and

WHEREAS, these newly identified tax shortfalls added to more than \$415 million in revenue shortfalls previously identified, create a projected aggregate net revenue shortfall of \$1.212 billion for Fiscal Year 2010, taking into account other appropriate revenue adjustments; and

WHEREAS, in addition to the expected annual revenue shortfall, the Acting State Treasurer has further revised the estimated July 1, 2009 beginning balance to \$613.8 million, representing a reduction of \$121 million from the original estimated beginning balance contained in the Fiscal Year 2010 Appropriations Act; and

WHEREAS, the combination of the aforementioned anticipated annual revenue shortfall and the revised beginning balance results in a total projected funding shortage for Fiscal Year 2010 of approximately \$1.333 billion; and

WHEREAS, the State further anticipates additional spending needs during Fiscal Year 2010 of \$872 million, including essential programs administered by the Department of Human Services and additional municipal aid; and

WHEREAS, the combined total estimated funding shortage and additional spending needs for Fiscal Year 2010 is projected to exceed \$2.2 billion; and

WHEREAS, the New Jersey State Constitution requires the Governor to take care that the laws of this State be faithfully executed, N.J.Const. (1947) Article V, Section 1, Paragraph 11, including ensuring compliance with the constitutional mandate that a balanced State budget be maintained, N.J.Const. (1947) Article VIII, Section 2, Paragraph 2; and

WHEREAS, the Governor is entrusted with the responsibility to protect the health, safety, and welfare of the people of this State, as well as the responsibility to aid in the prevention of damage, loss, or destruction of property in the event of emergency affecting the State pursuant to the Disaster Control Act, N.J.S.A. App.A:9-30 et seq.; and

WHEREAS, during the course of a fiscal year, the Governor may take steps to freeze State spending if it appears that revenues have fallen below those originally anticipated by impounding certain funds pursuant to N.J.S.A. 52:27B-31 to ensure that appropriations are not used to support waste, mismanagement or extravagance in a time of severely diminished fiscal resources; and

WHEREAS, in order to protect against and meet emergencies that may arise during each fiscal year, the Director of the

Division of Budget and Accounting ("Director") is authorized to freeze State spending by placing certain funds in reserve pursuant to N.J.S.A. 52:27B-26 to ensure that the State's budget remains balanced; and

WHEREAS, failure to exercise these powers would result in the State lacking sufficient resources to provide essential State services and basic operations of State government for the balance of Fiscal Year 2010, causing devastating immediate impacts on the residents of the State; and

WHEREAS, in order to determine which items of spending should be reserved or impounded, the Director has conferred with the various departments of State government to identify items which can be reduced for Fiscal Year 2010; and

WHEREAS, aid to school districts represents a significant part of the Fiscal Year 2010 budget, and because of the magnitude of the fiscal crisis and the fact that less than five months are left in the fiscal year to address it, it is necessary to freeze a portion of State school aid in order to address this fiscal emergency; and

WHEREAS, many school districts currently have surplus monies in their budgets that are available but not budgeted that could be made available to support those districts' current expenses during the current period of fiscal emergency; and

WHEREAS, given the dire position of the State's finances, it is necessary to freeze State aid payments to school districts that have available resources so that the freeze can be implemented without affecting the ability of these districts

to meet the educational obligations under the state constitution or placing a school district into deficit; and

WHEREAS, in the event that the State's financial condition deteriorates rather than improves during the remainder of the current fiscal year, I intend to aggressively utilize every authority at my disposal to ensure the maintenance of a balanced State budget;

NOW, THEREFORE, I, CHRIS CHRISTIE, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. A state of fiscal emergency exists in the State of New Jersey by reason of the facts and circumstances set forth above.

2. In light of these facts and circumstances, the Director is hereby ordered immediately to identify and place into reserve items of appropriation pursuant to N.J.S.A. 52:27B-26 in an amount sufficient to ensure that the State budget is in balance. The Director shall notify the Governor immediately of the list of items placed into reserve. In the event that during the remainder of Fiscal Year 2010, actual revenues collected are less than the revenues estimated on January 19, 2010, the Director shall take such further actions pursuant to N.J.S.A. 52:27B-26 to place into reserve additional items of appropriation so as to maintain a balanced budget. The Director shall report to the Governor any additional items of appropriation which are placed into reserve.

3. The Director is hereby ordered, in consultation with the Commissioner of the Department of Education

("Commissioner"), to determine the amount of State school aid that must be frozen in order to meet the fiscal emergency. The Director shall report to the Commissioner the amount of school aid to be reserved under the spending freeze required by this Order.

4. The Commissioner is hereby directed to review the budgets of all school districts and determine for each school district the amount of unanticipated surplus and reserve account monies ("Surplus") available but not budgeted in such school district that could be used to support the district's educational programs by being transferred to the current operating budget in the event of a withholding of State school aid.

5. The Commissioner, consistent with his constitutional responsibilities, shall allocate the amount of State school aid determined by the Director to be frozen among all the school districts so that the amount of State school aid frozen for each school district shall not exceed the Surplus for such school district or the amount of its remaining State school aid for Fiscal Year 2010. Upon such allocation, the Commissioner shall notify the Director of the amount determined for each school district, whereupon the Director shall place into reserve from State school aid for each school district the amount specified by the Commissioner.

6. The Commissioner, as necessary and appropriate, shall exercise his statutory and constitutional powers to authorize school districts, upon their request, to transfer Surplus to their current operating accounts to pay ongoing costs of operation

7. The Acting State Treasurer, in consultation with the Acting Attorney General, is hereby directed to study and make any appropriate recommendations to the Governor considering the projected costs to the State and local entities associated with previously negotiated employee salary structures and, if appropriate, presenting proposed alternatives to achieve necessary cost savings in light of the current fiscal crisis.

8. The Acting State Treasurer, in consultation with the Director, is further directed to monitor the collection of revenues and expenditures and to report to the Governor on an ongoing basis so that adjustments, if any, can be made by placing in reserve or impounding items of appropriation in order to meet changing fiscal conditions.

9. All State officials and agencies shall cooperate fully in the implementation of this Order.

10. I have taken what I believe to be the least intrusive actions available to me in order to address this fiscal emergency; however, until such time as the current state of fiscal emergency is terminated, I reserve the right to take such additional actions, invoke such additional emergency powers, and issue such emergency orders or directives as may be necessary to meet the potentially devastating problems presented by this emergency, to protect the health, safety, and welfare of the people of this State, and to ensure the continued provision of essential State services.

11. This Order shall take effect immediately and shall remain in full force and effect until rescinded, modified, or supplemented by me in response to the ongoing fiscal emergency, or until such time as a General Appropriations Act for Fiscal Year 2011 is enacted.

GIVEN, under my hand and seal this
11th day of February
Two Thousand and Ten, and
of the Independence of the
United States, the Two
Hundred and Thirty-Fourth.

/s/ Chris Christie

Governor

Attest:

/s/Jeffrey S. Chiesa

Chief Counsel to the Governor