

Fix N.J. budget mess with 10-70 plan: A 10 percent public worker pay cut and a new retirement age of 70

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BY MICHAEL BUSLER

COMMENTARY

Governor Christie has announced his plans for the fiscal 2011 budget. He has kept his promise not to raise taxes on the already over-taxed New Jerseyans. However, since the economy is recovering from a severe recession, with unemployment around 10 percent, tax revenue will be relatively low. In order to balance the budget, Christie has called for very large cuts in government

of Labor Statistics the average salaries and benefits are more than 50 percent higher for government those in the private sector. And the retirement benefits paid in the public sector far exceed those paid needs to be fixed."

While that seems like a good idea, Governor Christie is contractually bound to the current pension system worker to retire at 62. In addition, based on a deal made last year by then Governor Corzine, state workers received a 3.5 percent wage increase on July 1, 2010 and another 3.5 percent increase on January 1, 2011. Christie realized he was legally bound to comply.

"That's absolutely absurd." The tax revolter continues, "The workers are already way overpaid and the contract must be renegotiated. And while we can't renegotiate the 62-year-old retirement age. Here's our idea which we call the 'ten seventy' plan. Have employees take a 10 percent cut in wages and raise the retirement age to seventy. That will just about balance the budget, while preserving the 1,300 jobs that are due to be eliminated and it restores state aid to education. It won't be easy, but it certainly makes sense."

The tax revolter then adds, "The federal government is raising the retirement age for Social Security workers eventually that will be 70 also. Look, when social security was enacted some 75 years ago, the retiree people were only living to 67. Now people are living to 75, or 85 or 95 or more. It is impossible for the retiree people for 30 years or more. So raise the retirement age to 70, even if that has to be done gradually."

"And watch out for the slanted ads you are seeing on TV. The one that bothers us the most is from the teachers union. We are generally pleased with the quality of the service the teachers provide. Our kids are well educated and a high percentage going on for higher education after graduating from high school. The problem is that the teachers are paid too much for their service. They claim that while Christie is cutting \$1 billion from the education budget, the wealthy are getting a tax break to the wealthy. That's a bunch of poppycock. Corzine raised the top rate for the state income tax to almost 11 percent for one year to close this year's budget gap. This was the temporary 'millionaires' tax. It expires this year and Christie will allow that to happen. The teachers claim that this is a tax cut for the wealthy earning more than \$400,000 per year are already over-taxed. It hardly seems fair to over-tax them further with inflated salaries."

The ten seventy plan is very interesting. Politically it may be impossible. But if we examine the numbers, it makes a lot of sense. Are you listening legislators?

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