

During the past five years, the inequities and inadequacies of this regressive system have been exacerbated by an enormous increase in mandated governmental costs. At the same time, State and Federal aid to local governments has remained flat or in some instances decreased. As a result, all County and Municipal governments across New Jersey have struggled with balancing their budgets, and homeowners, regardless of their situations, have borne the brunt of an unfortunate set of consequences.

Governor Jon Corzine has said he wants to hold a special legislative session and a constitutional convention to finally address the property tax problem in our state. We have pledged to work as partners in any effort to reform the property tax system, and over the past year, have asked Union County taxpayers to support a constitutional convention. Meanwhile, structural budgetary problems persist. Unfortunately, this has become an all too common problem at all levels of government throughout the state: we are facing down a \$23 million increase in appropriations mostly due to uncontrollable mandated costs.

Our increases include:

A \$6 million increase in health insurance.

A more than \$3 million increase in pensions.

A \$4.2 million increase in contractual salaries.

A \$1.8 million increase in public safety and correctional services.

A \$1.2 million increase in the Welfare program.

A more than \$2 million increase in operational costs, including utility, lease and energy costs.

While the problems have become common, our plan to address this year's budget is not.

This will not be a budget without pain and hard choices. We asked every department to put all options on the table during our budget hearings.

The way to address this budget will have to be with an eye toward sacrifices across the board coupled with innovative revenue enhancers.

Thus far, the following steps have been taken administratively:

We started by continuing many of the reforms we have initiated during the past few years including the vacation buy back program, and a re-implementation of the employee furlough program. Under the employee furlough program, we will ask employees to take two days without pay---Department Directors and Freeholders have also agreed to participate.

Upon consultation with the Freeholder Chairman and the Fiscal Committee, we implemented a hiring freeze effective for positions funded by County tax dollars, with the exception of essential and emergency positions. The freeze will be ongoing throughout the budgetary process.

Working with our Department Directors, we will identify \$6 million in annualized program cuts. During the budget hearings, we will look at each and every program with a goal of minimizing any potential layoffs. Many tough decisions will be made, and we look forward to active budget hearings and presenting the Freeholder Board with as many cost-saving options as possible. Additionally, We've spoken with our state legislators to work on legislation that would allow counties to once again offer an early retirement program. In order for any early retirement program to have a long-lasting financial impact on

government, it will have to be coupled with the elimination of positions. While working to save tax dollars, we also will examine ways that would enhance our revenues, including sponsorships and private partnerships. Some revenue-raising ideas we will explore include the sale of several County-owned properties, sponsorship opportunities involving our parks facilities and vehicles, advertising, and vending machines as a way to provide service to people using our facilities and generate revenues.

We are also re-examining all of our fee structures throughout the County to realize additional revenues.

We will continue to use economic development as a tool to build an increased tax base. We have worked to jumpstart more than \$5 billion in private investments over the past decade in Union County. For most of us, our most significant investment is in our homes.

The good news is we have succeeded in doubling our ratable base over the past decade, and this has led to a 77 percent increase in home values over the past five years alone. This has enabled us to once again reduce the tax rate from .36 cents per \$100 to .34 cents per \$100. However, as homeowner property values increase, so does the burden of property taxes.