

OPINION: SWEENEY-PRIETO SCHOOL AID PLAN COULD DEFUSE CAMPAIGN ISSUE

CARL GOLDEN | JUNE 20, 2017

Compromise could be seen as settling the matter for at least a year, but right now it's still up to Christie to say 'yea' or 'nay'



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If Gov. Chris Christie accepts the compromise plan developed by the Legislature's Democratic leadership to revise the formula for state aid to local school districts and increase it by \$125 million, it will not only remove it from the agenda for the remainder of this year but – more importantly – will seriously diminish its impact as a dominant issue in the gubernatorial campaign.

Republican Lt. Gov. Kim Guadagno and Democratic nominee Phil Murphy hold starkly divergent views on the level of aid and how it should be allocated, but if Christie buys into the Democrats' proposal, any far-reaching, dramatic changes in the formula will be delayed until 2018.

While both Guadagno and Murphy will continue to tout their ideas, the compromise reached by Senate President Steve Sweeney (D-Gloucester) and Assembly Speaker Vincent Prieto (D-Hudson) will be seen as settling the matter for at least a year, awaiting a new governor and Legislature.

It is designed to buy time, placate those school districts that have been shortchanged under the existing formula while softening the blow of reduced aid to those districts who've benefitted from overfunding.

An additional \$125 million to a program budgeted at more than \$9 billion, while introducing a small element of fairness to the formula, will have no significant impact on the local property tax burden.

At first glance, the proposal appears to benefit Murphy more than Guadagno.

It does represent an increase in aid, although it falls short of Murphy's pledge to fund the formula in its entirety, and clears the way for him – if elected – to approve an income tax surcharge on wealthy New Jerseyans and devote the revenue, estimated at upward of \$600 million, to the aid program.

Murphy didn't exactly respond with great enthusiasm to the Sweeney-Prieto plan: "It's better than nothing," he said, but he can argue it is a worthwhile first step, while looking forward to fulfilling his commitment to the millionaire's tax. Guadagno's plan concentrates on property-tax relief – an issue tied inextricably to school aid – rather than a reworking of the formula. She's proposed that homeowners pay no more than 5 percent of household income toward support of local schools, saving the average taxpayer nearly \$900 a year.

Her program would cost the state an estimated \$1.5 billion, an amount she argues can be covered through savings elsewhere in the budget as well as through increased economic growth.

With the average property-tax bill in New Jersey at a record \$8,549 per year and in some communities in excess of \$10,000, Guadagno's pitch may have some resonance.

Committing the state to \$1.5 billion in increased spending, however, particularly at a time when the state budget is under enormous stress and pressure, has produced skepticism and warnings that it is unaffordable.

Murphy, on the other hand, can identify his funding source — the millionaire's tax — a levy the Legislature has approved a half-dozen times only to see it vetoed each time by Christie.

There is no question that, in a Murphy administration, an increase in education aid will come from the pockets of upper-income taxpayers.

Increasing taxes on the wealthy has enjoyed broad public support for several years, and there will be little pushback against Democrats for embracing the idea as a way to increase school aid and offer some middle-class tax relief.

The appeal of the Democratic plan is its simplicity, giving it an advantage in terms of public understanding and acceptance over Guadagno's more complicated proposal and the uncertainty surrounding how and whether it can be paid for.

To be sure, political considerations played a significant role in the development of the Sweeney-Prieto plan. Taking the issue off the table for whatever remains of the current legislative session is an immediate benefit, but minimizing it as an overwhelming point of contention in the gubernatorial campaign is a desirable outcome as well.

The issue will be in the mix, certainly, but its potential to dominate the debate over the next four months will be dramatically lessened as a result of legislative action.

For the plan to pay off politically is now in the hands of the governor. His action — accepting or rejecting it — positions him as an influential player in the campaign to succeed him.

The initial administration reaction was one of caution, expressing support for the Legislature to act while raising questions about whether the plan is ultimately a fair one.

Regardless of Christie's decision, he once again occupies a place he enjoys — at the center of attention and in control of major policy decisions.

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