New Jersey as Auschwitz?

In this traditionally Democrat state, Republican Christie was victorious in a legislature with solid Democrat majorities, successfully arguing that the current and projected pension and health benefits for public-sector employees are unaffordable and unsustainable.

Advocating spending cuts rather than tax increases, Christie pressed the points that New Jersey already has the highest real estate taxes in the nation and that actuary studies show the state's pension and health funding is $110 billion short of eventual liabilities.

New Jersey's taxpayers pay an average of $7,576 per year in property taxes.

Under new legislation, public-sector workers will be assessed a portion of their health care premiums based on how much they earn. After a four-year phase-in period, employees who make $60,000, for instance, will see their annual health insurance payments more than double, from the current 1.5 percent of salary ($900) to 3.4 percent for single coverage ($2,040) and more than triple for a family plan to 5.4 percent of salary ($3,240).

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These higher contributions from state employees will amount to "27 percent of the premium cost for single coverage and 17 percent for family coverage," reported the *Philadelphia Inquirer*. "A Kaiser Family Foundation survey last year found that workers with employer-sponsored health plans paid 19 percent of the premium on average for single coverage and 30 percent for family coverage."

New Jersey's public-sector workers, in short, after the four-year phase-in, will still be paying only 57 percent of what employees are paying on average in employer-sponsored family plans as a percent of premium costs. That's not exactly Auschwitz.

In addition, future hires will retire at 65, not 62.

A key opponent of the reforms, Assembly Majority Leader Joe Cryan, called Christie's reforms "a premeditated crusade pitting neighbor against neighbor."

A neighbor of ours here has a newly divorced daughter with three young children. She said last week that her daughter is losing her house because she can't afford the $10,500 in yearly property taxes. In a different way than Cryan, she also sees it as "neighbor against neighbor" when the ever-expanding price of paying for the health and pension benefits of her public-sector neighbors makes it impossible for her to keep her own home.

Christie followed up his victory on pension and health reforms by using his line-item veto to cut salaries for legislative staff by $3.8 million and eliminate a newly passed "millionaire's tax" on annual incomes over $1 million. The tax would have raised the state's top marginal income tax to 10.75 percent, from the current 8.97 percent. Democrats said the tax would deliver an additional $676 million per year to the government from the 16,000 persons in the state with annual earnings over $1 million.

"When they raise taxes," said Christie, referring to this additional levy on millionaires, "people leave to go other places, because they're the most mobile people to begin with." Last year, Boston College's Center on Wealth and Philanthropy reported that $70 billion in wealth left New Jersey because of tax hikes when Democrats ran the state, between 2004 and 2008.

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