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Bring trust to state's paid-leave fund

By Jay Webber

In January, the state started collecting an additional payroll tax to fund the new paid-leave program that will become effective in July. But before one dime of that money has been paid out in benefits, it sits in our treasury ready to be raided by politicians desperate for quick-fix budget solutions. In this economy, the Democrats never should have burdened our workers and small businesses with another tax that even Gov. Jon Corzine admits hurts the middle class. But if Trenton's Democrats are not going to repeal the paid-leave tax, they need to act now to protect the money they've taken in.

The new paid-leave tax parallels the state's unemployment tax. The paid-leave tax is statutorily dedicated to its own segregated fund on the state's books, much like the unemployment tax is directed to its Unemployment Fund. Since 1994, \$4.7 billion were siphoned out of the state's Unemployment Fund to "balance" budgetary shortfalls and pay for programs having nothing to do with support for New Jersey's unemployed. Now, with joblessness in New Jersey at a 15-year high and as unemployed New Jerseyans are most in need, the fund is nearly exhausted, despite an emergency appropriation of \$260 million last July. The state now appears unable to make up the fund's latest shortfall, and New Jersey employers are bracing for another tax to pay for it. Nothing is stopping a similar raid of the paid-leave fund.

Last March 13, when the Legislature debated the paid-leave tax, the Assembly sponsor, Assemblyman Nelson Albano (D-Cape May), made a public promise. He promised that, if the Legislature trusted him enough to pass his signature legislation, he would, in a subsequent measure, protect the fund from misuse by future governors and Legislatures by sponsoring and fighting for an amendment to our state constitution to place the paid-leave taxes in a "lockbox." One year after that commitment, and more than two months after the state began collecting the paid-leave tax, there still is no protection for the new paid-leave fund.

When the Legislature creates a so-called trust fund, it represents a pledge to the people of this state that their hard-earned money is only being taken from them to fund a specific and identified need. When some state officials divert those funds for other purposes, they breach their duties to the people, expose programs to under-funding when people need them the most, and trigger tax increases to cover the shortfall.

And when some state officials improperly take money out of a trust, they simultaneously take trust out of government. Our citizens lose more than their money -- they also lose their faith in their elected representatives. It is called a public trust for good reason, and should be respected accordingly.

Although we cannot recover the billions of dollars diverted from trust funds in past years, we can and should make sure that those kinds of raids never occur again.

To protect the paid-leave fund and other trust funds from raids by unprincipled budgeters, a constitutionally mandated lockbox should guard all of the funds for their dedicated purposes.

March 13 marked the one-year anniversary that such a lockbox was pledged to the people of New Jersey. I urge the Legislature to put the "trust" back in trust fund immediately and bring a constitutional amendment that will protect the trust funds to the Assembly floor.

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