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Trenton's budget ax biggest in tiny towns

Places under 10,000 to see the worst cuts

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Figures released by the state yesterday show in dollars and cents what Gov. Jon Corzine warned was coming when he proposed his state budget last week: Cuts in municipal aid will fall hardest on New Jersey's 323 smallest towns.

While even the state's largest city, Newark, will lose \$6.7 million in state municipal aid, it is the towns with fewer than 10,000 people that would see the most dramatic cuts in funding from Trenton under Corzine's spending plan for the fiscal year that begins July 1.

Overall state aid for those smaller towns would be cut by 22.7 percent, compared with a 7.5 percent cut for towns of more than 10,000 people.

Local officials already are predicting that the aid cutbacks will lead to increases in local property taxes, reductions in public services and layoffs of municipal employees, including public safety personnel.

"With the release of these numbers, we can begin to gauge the human costs of the unprecedented proposal on the residents of the municipalities all around the Garden State," said William G. Dressel, director of the New Jersey State League of Municipalities.

Corzine is proposing a \$168 million cut in municipal aid, part of his effort to reduce spending and reduce the overall state budget by \$2.7 billion, to \$32.97 billion.

Towns with fewer than 5,000 people would get no money through the Consolidated Municipal Property Tax Relief Act program, while those with 5,000 to 10,000 would have their current aid cut in half.

According to figures released by the Department of Community Affairs, the tiny Middlesex County town of Helmetta (2006 population estimate: 2,023), for example, would receive \$105,144 in state aid, \$140,742 less than it gets now.

DCA Commissioner Joseph Doria acknowledged that these are difficult times for towns as well as the state.

"Obviously, municipalities have to look at the numbers and realize there is only so much revenue from the state and they must look to save money through shared services and consolidation," Doria said. "They have to understand things may not get better when you look at the economic forecast for the next year or two. They have to look at how to deal at the local level as we are doing at the state level."

State legislators will spend the next four months reviewing Corzine's spending plan and they can modify it in the process. State Sen. Barbara Buono (D-Middlesex), the new chairwoman of the Senate Budget Committee, said the smaller towns may have been singled out because they "lack political clout, and I think they are being treated unfairly."

She said Helmetta and Spotswood, two small towns in her district, "run a very tight ship" and are not

wasting money.

"I intend to do what I can for them," Buono said.

While proposing drastic cuts in aid to small towns, Corzine is setting aside \$32 million for grants to encourage them to share public services, such as police and fire protection or public works, or consolidate municipalities.

East Orange Mayor Robert L. Bowser, president of the League of Municipalities, said the organization will be looking "at the impact on all municipalities, small and large."

"As a group, we have to take a position concerning the overall impact of the cuts on local municipalities," Bowser said. "We have to do a careful analysis, because this will have a long-range effect on the whole budgeting and planning process."

If the state Legislature upholds Corzine's suggested state aid figures, budgetary "cuts are going to be dramatic," Bowser said. "It's the unknown that we are dealing with here."

Tomorrow in Trenton, Doria, his key staffers and aides to Corzine will go before what is expected to be a large audience of small-town officials to explain first-hand the financial problems facing the state government. A second meeting with officials of the more than 250 cities and towns with populations over 10,000 will be held in the capital March 13.

Doria said so-called distressed cities aid, which goes to six financially struggling cities -- Harrison, Paterson, Union City, Ewing, Bridgeton and Asbury Park -- has been cut by \$7 million, to \$145 million. He said an aid program that provides money to towns with unexpected financial problems has been reduced by \$1.7 million to \$32.3 million.

But the \$7 million reduction in distressed cities aid may not go far enough, according to Buono. She said she wants to examine how that money is spent and is considering taking some of it to provide money for suburban and rural towns that will lose aid.

"The aid was intended as a short-term fix to enable these towns to get their fiscal house back in order," Buono said. "That just doesn't seem to be the way it works out in practice and is far afield from what it states in the legislation. There is an enormous amount of money going to these individual municipalities with a minimal amount of oversight."

A Star-Ledger analysis shows that if local officials opted to pass their aid losses along in the form of property tax hikes, a homeowner in West Amwell, for example, could see an increase of \$955; a Milford homeowner, \$441; Winfield, \$296; Netcong, \$264; Ogdensburg, \$252; South Bound Brook, \$245; Victory Gardens, \$211; High Bridge, \$203; Helmetta, \$154; East Orange, \$127; Oxford, \$129, and Newark, \$104.

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