

**GOVERNOR CHRIS CHRISTIE'S 2018 STATE OF THE STATE ADDRESS  
AS PREPARED FOR DELIVERY**

**Trenton, New Jersey  
Tuesday, January 9, 2018**

Before we begin, let us rise one more time for, not a moment of silence but a moment of celebration, for the extraordinary life of Governor Brendan Byrne. That is what he would have wanted -- not silence, but celebration.

Nine years ago yesterday, I went to pick up eight-year-old Patrick and five-year-old Bridget from school. On my way out of the school with them, on the front lawn of the Assumption School in Morristown, I announced to the assembled media that I was running for Governor of New Jersey. On that day, I said many things but the most important statement was this: "If you're looking for the same old stuff, you've got the wrong person." Little did I really know just how right I would be nine years later.

Nine years is a lifetime ago in today's culture of DVRs that skip commercials, Twitter, Facebook, Instagram, Snapchat and the short attention spans that come with these latest ways of communicating. We need to remember where we were nine years ago. On the brink of financial ruin as a state. More people unemployed than at any time in modern history. A culture in Trenton of avoiding the tough decisions. Of taxing more. Of spending more. Of borrowing at a breakneck pace. The highest property taxes in America growing at a record rate. We needed tough and plain-spoken leadership to deal with these problems. We needed to care less about being loved and more about being respected. That's why we ran for Governor.

We ran to be different. We ran to talk bluntly. We ran to shine lights on all of New Jersey's real problems. We ran to offer tough but achievable solutions. We ran to be a Governor who did not just mark time. We ran to win and to be a Governor of consequence.

And, even though it is easy to forget those days and minimize those crises of nine years ago, in crisis indeed we were in 2009. Without the new policies and new attitude a band of former prosecutors brought here nine years ago, the crisis would have defeated us. Now, in the same way, if we revert to the policies of the past, it is a short road back to disaster. As Einstein said while he was a Princeton professor, "We cannot solve our problems with the same thinking we used when we created them".

Due to the fighting attitude we brought and the pro-growth policies we have fought for and achieved together, I am proud to be here today to tell you that the State of our State is very good and -- without question -- much better than it was eight years ago.

Eight years ago, we inherited a state with an unemployment rate nearly ten percent.

In our eight years, that unemployment rate was cut in half.

Eight years ago, we had lost 248,000 private sector jobs and businesses were leaving our state at a record pace. Today, we have helped the private sector create 334,400 new jobs and 108,252 new businesses were created in New Jersey in 2017 alone, an all-time economic record for our state. More New Jerseyans are employed today than at any time in our history -- a long way from the depressing record of eight years ago. Today, 4.3 million New Jerseyans go to work every day.

How did it happen?

Where did New Jersey's economic growth and job creation come from?

In 2011, we passed broad based business tax cuts that led to \$3 billion in lower taxes that our corporate citizens plowed into job creation putting hundreds of thousands of our citizens back to work.

We took an unemployment insurance fund that was \$2 billion in debt eight years ago, paid off the debt, passed a constitutional amendment to prevent politicians from stealing from this fund again. Today, we leave it over \$2 billion in surplus. By the way, this reform of our unemployment insurance fund has led to an additional \$400 million in job creating tax cuts for our New Jersey businesses.

We passed the Economic Opportunity Act of 2013, which has helped to make us more competitive at attracting and retaining jobs, putting even more of our citizens back to work.

We reduced job killing regulations by one-third over the previous Administration, freeing up resources to put New Jerseyans back to work, not waste this money on lawyers and accountants to understand the next thing government was ordering them to do or not do.

Finally, we held the line on new and increased taxes. I vetoed income tax increases. I vetoed corporate tax increases. I vetoed energy tax increases. Over the last eight years, I vetoed more tax increases than any Governor in modern American history. And each one of those vetoes was sustained by my Republican colleagues in the Legislature. Through the leadership of Senator Tom Kean, Jr., the late Alex DeCroce and Assemblyman Jon Bramnick, the beleaguered taxpayers of New Jersey were protected for the first time in a decade. On behalf of the people and businesses of New Jersey, who have much more of their own money in their pockets because of their leadership, I say thank you very much.

Lower tax policies have worked to revive a moribund economy and lead to seven consecutive years of private sector job growth. That is a very consequential accomplishment for all the people of our state.

Eight years ago, we inherited a budget that was bloated, out of balance and riddled with gimmicks. \$2 billion in deficit in a fiscal year that was only 5 months from ending. A projected \$11 billion deficit in the coming year. A total of \$13 billion in projected deficits over our first 18 months. Too many employees doing too little and costing too much. One-shot gimmicks that accounted for over 13 percent of our revenue. Deferred raises; deferred payments; a ticking time bomb for the new Governor.

In addition, in the eight years before we arrived debt issued by state government increased by more than 10% per year, every year. Unsustainable growth of debt. In our eight years, we have reduced that rate of growth by three quarters, to only 2% per year or less. We have stopped the decade of exploding growth of debt initiated by our predecessors.

Today, budgets have been balanced for eight years in a row. Over 10,000 fewer state employees. Discretionary spending nearly \$2 billion less than it was ten years ago. One shot revenues down to 2.8% from 13.2%. We are handing off a state that is growing and a budget that is balanced.

For eight years, we have said no to unplanned, exorbitant spending and we have used the veto and line item veto to enforce fiscal responsibility.

How much spending have we used the veto to stop for our taxpayers? We have vetoed and line item vetoed nearly \$7.3 billion in spending that the Legislature wanted to do but which we simply didn't have the money to pay for. That's nearly \$1 billion a year, every year that we kept in the pockets of our citizens and out of the hands of Trenton politicians.

As a result, the budget we hand off to the next Administration is in balance, with a surplus, and not the

\$2 billion deficit that we were handed eight years ago. Those are the actions of an Administration that treated our citizens money as if it was our own. Those are actions with real consequences for each of our constituents.

While the budget crisis was the most immediate task that we faced eight years ago, we did not win to just fix those problems. We had a vision for finally tackling the chronic problems in New Jersey.

In the ten years before we came to Trenton, property taxes increased 70 percent. An average of 7% a year; every year for ten years. That is a chronic problem which was crippling our citizens ability to buy and keep a home. That's why when the Legislature wanted to go home in July of 2010 after passing the budget I used my constitutional authority to call you back to finally address the growth of these taxes.

Together we passed a 2% cap on property taxes with only four exceptions. It was tough medicine but tough medicine was needed to deal with this issue. We did it for our constituents and it worked. In 2017, property taxes increased by only 1.64 percent. Therefore, in the last seven years property taxes have increased 1.98 percent per year. That has saved our property taxpayers \$18.2 billion over those years compared to the previous system in place.

Why else did it work? Because we also gave the towns and counties the tool to control their largest single expense -- police and fire salaries. We have great men and women who serve as police officers and firefighters in this state. They also are the highest paid firefighters and second highest paid police officers in America. They are objectively NOT underpaid -- not seven years ago and not today. To make the 2% cap real, we needed to cap the interest arbitration salary increases given to them every year. So, we did it in a bi-partisan way -- twice. It has saved over \$500 million in salary increases over the last seven years which would have been paid for by higher property taxes. The 2% cap and the interest arbitration cap have worked. In a state that suffered with 7% property tax increases every year for a decade, that is an accomplishment of consequence for every New Jersey homeowner.

So, here's my first warning to taxpayers for New Jersey's future: If we do not act in a bi-partisan way to renew the arbitration cap, your property taxes will skyrocket again. The cap expired nine days ago, our progress is at real risk and our Governor-elect has refused to ask the Legislature to act before this cap expired. If our public safety officers were underpaid I could understand the debate. But, even after seven years of this cap, they remain the highest paid officers in our entire country while our taxpayers still pay the highest property taxes in America. Failure to renew this cap would be a failure of leadership -- a failure which would cost our citizens money they need to support their families. As a property taxpayer, I urge you to pass the arbitration cap and not return to the days of 7% annual increases in property taxes.

When we came to Trenton I believed that we had a higher education system which was underperforming its potential and sorely needed capital investment to expand seats and modernize technology. Governors for decades had tried to address this situation and failed to do so. There was not the political will to do what would maximize our educational and economic potential and that of our students. We were more afraid of offending than of failing.

We refused to accept that reality. We signed the bi-partisan New Jersey Medical and Health Sciences Education and Restructuring Act and fixed decades of lost opportunity. I want to thank all those who helped make this happen, but most particularly Governor Tom Kean who helped me develop the blueprint and Assembly Majority Leader Lou Greenwald who led the fight for it in the Legislature.

Today, Rutgers has a medical school, schools of public health and a cancer institute. It has gone from 55th in NIH funding to 22nd. And we rid ourselves of the corruption and self-dealing that was going on at UMDNJ, a task I began as U.S. Attorney and was proud to finish as Governor.

Rowan University became a public research university, gained a school of Osteopathic Medicine, now operates two medical schools and its nationally acclaimed school of engineering. It is poised to double its student population and has created innovative partnerships with community colleges to allow those students to get a four-year degree without unthinkable student debt. No one has been a greater champion of increasing higher education opportunities for South Jersey than Senate President Steve Sweeney and Rowan would not be what it is today without his persistent leadership.

Then we needed to turn to the challenge of capital improvements to our colleges and universities. This had not been done by any Administration for 25 years and our schools showed it through lesser facilities and higher tuitions. Together, we made the case to the people of New Jersey and passed the Building our Future Bond Act, which invested \$1.3 billion in public money and billions more in private money in expanding and modernizing our campuses all over New Jersey. Over 208 individual projects are happening and our campuses are being transformed.

Where other Administrations had failed our higher education institutions for 25 years due to lack of courage and lack of funding, we refused to accept that failure. Nothing is more consequential to our state's economic future than educational opportunity. We did not play small ball. We acted together and New Jersey's higher education system is far better today than it was eight years ago.

Another failing gem of our state eight years ago was the beautiful and historic resort of Atlantic City. From the Miss America pageant to the diving horse at the Steel Pier, from Boardwalk Empire to the establishment of casino gaming, Atlantic City has been a national and international destination for more than a century. But, as often happens, corruption in Atlantic City combined with actions in Trenton helped to bring this town to the brink of bankruptcy. Bad decisions and timid inaction based on political correctness led to Trenton nearly killing the goose that laid the golden egg for all of New Jersey. This is another problem I began to work on as U.S. Attorney by putting corrupt Atlantic City politicians in jail for stealing from their people. But, unfortunately, that was not nearly enough to heal Atlantic City.

As we entered office, casinos were closing, property tax rebates were piling up in the hundreds of millions, the streets were unsafe and the private sector was fleeing. Not only that, but as a result, property taxes were soaring for the citizens of Atlantic City. I turned to Jon Hanson, Chairman of the New Jersey Sports, Gaming and Entertainment Commission, to develop a blueprint for change. We created a tourism district, took over policing there, invested in national advertising and supported efforts by city government which were well intentioned but failed. We needed to do more but were being stopped by politicians inside and outside of this chamber trying to score cheap political points by burying their heads in the sand.

Finally, we fought those entrenched and misguided interests and acted in a bi-partisan way to replace the ineffective city government who was either unwilling or unable to bring about needed change.

Through legislative and executive action, we took over Atlantic City and look what has happened. We appointed former United States Senator Jeff Chiesa to lead the effort and he has done so with incredible skill and produced phenomenal results. Tax appeals that were weighing down the city with \$303 million owed to casinos was negotiated down by more than 50% to just over \$138 million. In 2017, we announced an 11.4% decrease in property taxes, an average reduction of \$621 for every homeowner. This was the result of our budget cutting measures that reduced city spending by \$56 million over the 2015 budget. This budget will stay level in 2018 as well. We reached a settlement with the police unions, leading to new 12 hour shifts, reduced salaries, reduced terminal leave payments and a reduced workforce of 252 officers. All agreements that would not have occurred without Senator Chiesa's intervention.

As a result, Hard Rock is now investing hundreds of millions in redeveloping the Taj Mahal. The former Sands is being redeveloped. Revel has now been sold and will reopen under new management by

the summer. Casino revenues are up. Non-Casino revenues are up. Internet gaming was established and is now thriving. The private sector is now coming back to Atlantic City. All without bankruptcy or selling public assets like the water authority -- all things that our naysayers said we would do. They were wrong then and the opportunist politicians of both parties who now say that reversing course is necessary are wrong again.

As the Associated Press said on New Year's Day, Atlantic City could be on the verge of a major revival in 2018. This will be especially true if our six-year fight to bring sports gambling to New Jersey is finally successful in 2018. While many experts told me to abandon this fight, we stuck with it. Today, we await the decision by the U.S. Supreme Court which can bolster Atlantic City even more.

This is due to our efforts, to not bowing to political correctness to not worrying about being loved today. If we bow to those concerns, we could turn this major revival into a major downturn. I want to thank Mr. Hanson and Senator Chiesa for their vision, their courage and their hard work. Atlantic City is ready for rebirth and to return to its former glory. That is not small ball. That is an achievement of real consequence for our entire state.

Another problem we confronted eight years ago was one that had been baffling to Administrations since the 1970s: what to do to turn around the City of Camden. Some had tried to turn it into a militarized zone to stem the tide of murders and shootings. Some tried to throw money at the problems in Camden due to the urging of corrupt politicians who later landed in jail due to the efforts of my U.S. Attorney's office. That, of course, did not work. We decided to confront these problems using common sense, bi-partisanship and, once again, telling the hard truths that past Administrations were too politically correct to say out loud.

First, we established an unprecedented partnership with the Democratic Mayor of Camden, Dana Redd. We promised each other that we would check our politics at the door and put the interests of a resurgent Camden at the forefront. Dana Redd kept her word to me for eight years and for that I say to her today, "Thank you partner".

Second, we needed to establish a plan to create the foundation of any successful city: public safety, good public education and economic opportunity.

We attacked the issue of public safety in 2012. It was the deadliest year in Camden history, earning it the distinction of the nation's most violent city. We dismissed the failed Camden City Police Department which was overpaid and underperforming. We then partnered with the city and Camden County to create a countywide police force with a Metro division that would patrol Camden city. For the same amount of money, we would go from 160 police officers to 349. Another class of cadets will soon bring that number to 400. What have the results been? In 2017, murders are down 66% from 2012, robberies are down 46% and non-fatal shootings are down 45%. That is the lowest number of murders in more than 30 years.

Even more than the change in the numbers, there has been a change in the relationship between the police and the public. While violence erupted in Ferguson, Missouri, there was no such violence in Camden. Instead, under the leadership of Chief Scott Thompson, you see police officers at churches and street fairs, at baseball games and school crossings. At each of those places, they were with those who they protect and serve.

Next, we needed to change the failing Camden public schools. Unlike the takeover of Newark schools decades earlier, we worked with the school district and effectuated an agreed upon takeover / partnership. Working with the community, we picked a dynamic new Superintendent, Paymon Rouhanifard. We began a school by school evaluation with the goal of improving education in every classroom. Closing schools that aren't working, opening three new charter schools and three new Renaissance schools and

significantly cutting back wasteful central office staff. Since these changes have been made the results have been astonishing. In five years, graduation rates have gone from 49% to 70%. Dropout rates have fallen from 21% to 12%. The dropout rate for African-American students has been cut in half. There is still more to do, but a good public education is now very possible for most Camden students, something we couldn't say five years ago.

Lastly, we needed to increase economic opportunity for all of those who live in Camden. Due to our designation of Camden as a Garden State Growth Zone, a promise made and kept from the 2009 campaign, 28 projects have sprung up across the City of Camden. These projects will have \$1.4 billion in private investment, create nearly 2,000 new jobs and retain over 3,500 more jobs. The development will spur 7,000 construction jobs for our building trades. It is a who's who of American business: Holtec, Cooper / MD Anderson Cancer Center, Philadelphia 76ers, Subaru of America, American Water, EMR Eastern, Lockheed Martin, Cooper University Health and the new \$700 million Camden waterfront project with office space, residential units and a hotel. A waterfront hotel in Camden! Business is booming in Camden as is Rutgers University, adding a number of new buildings to its Camden campus.

The rebirth of Camden is happening -- not with government giveaways or tanks in the street -- but with a bi-partisan spirit and a can-do attitude. While so many have been responsible for this rebirth, one person has never wavered in his belief in this city. None of this could have been accomplished without the relentless will of George Norcross. Camden has no greater cheerleader and investor. I am honored to have George here today and even more honored to call him my partner in this rebirth of Camden.

My happiest days in public life were when I had the honor of leading federal law enforcement in New Jersey as the U.S. Attorney. They were my happiest times because I had one simple task -- insuring that justice was done in New Jersey. When I became Governor, it was clear to me that our criminal justice system needed major reform. The system was less effective than it should have been in preventing violent crime and much too harsh on those who's non-violent acts were being unduly punished. Reform would not be easy due to the power of the bail industry, decades old prejudices and the rhetoric of opportunist politicians always looking to seem "tough on crime". After seven years as U.S. Attorney, I didn't need to seem tough on crime -- I am tough on crime. But being tough on crime doesn't mean that you lack compassion. Being tough on crime doesn't mean you don't believe in second chances. Once again, bi-partisan cooperation was the path to success.

Sixteen years ago, I met the smart, articulate wife of U.S. Marshal Glenn Cunningham. She was his partner in every way -- they made a dynamic duo. He became a mentor of mine and later, the Mayor of Jersey City and a State Senator. Glenn Cunningham was a great public servant but I am sure he is bursting with pride from heaven as he watches his wife, my friend, Senator Sandy Cunningham. Together we have crafted criminal justice reform which got the only "A" rating in the nation, that is becoming a role model for other states and has gotten broad approval from all of you.

Release from jail pending trial is now no longer based on how much money you have in the bank but on the seriousness of the accusations and your criminal record. No longer can a repeat violent offender be released and terrify his victims or old neighborhood because he has millions of dollars in cash from drug and gun deals. By the same token, no longer must you stay in jail for a minor offense longer than you would have to serve if convicted because you or your family doesn't have \$500 for bail. No longer can an employer make a job applicant with a criminal record check a box and end their chances of redemptive employment -- together we have banned the box in New Jersey. Crimes of our youth can now be expunged in three years, adult crimes in six years and many more crimes are eligible for life changing expungement. County prison population is already down 17% and two state prisons have been closed, saving countless millions for taxpayers.

Violent crime in New Jersey is down 5.1% since we instituted the beginning of our reforms and over

25% during the eight years of this Administration. Being smart on crime has increased hope and second chances and decreased crime at the same time. I want to thank Attorney General Chris Porrino for his outstanding work on this issue. Most of all, I want to thank my friend of sixteen years, Sandy Cunningham. Your heart and your willingness to work with me has changed hundreds of lives already with tens of thousands to come. I think Glenn is proud of both of us.

Speaking of second chances, I devoted all of last year's State of the State address to the disease that is killing more of us every year. The disease of opioid addiction. I will not go over everything I shared with you last year. First, I want to say thank you. I challenged you last year to pass ground breaking legislation immediately -- and you did. We are still losing too many of our citizens to this disease, but we are now taking concrete steps to try turn back the tide of death and suffering.

We have the nation's strongest limit on opioid prescriptions and since we implemented our new restrictions those prescriptions have decreased by over 15%.

We established state sharing in our prescription monitoring program in 2014 with our neighbors in Delaware. Since that time, due to the push from New Jersey, we now have 15 partner states, including our neighbors in New York, Pennsylvania and Connecticut. Is it working? We went from 198,000 cross border requests in 2015 to 1.1 million requests in 2016 to over 3.5 million requests in 2017. We can stop doctor shopping and pill mills across state borders and we are saving lives.

In 2011, we instituted Project Medicine Drop to rid our medicine cabinets of these deadly pills. Since 2011 we have collected 88 tons of pills at over 400 locations across our state including every Walgreen's in New Jersey. We are getting these pills out of the hands of our children and disposing of them in an environmentally safe way.

Attorney General Porrino has instituted an online way for pharmacists, doctors, nurses and other citizens to report suspicious use or sale of opioids and he has ended the toxic financial relationship between pharmaceutical companies and physicians which can influence prescribing habits by placing strict limits on what they can pay doctors.

We have expanded the availability of Narcan statewide, expanded Medicaid and obtained a waiver from the federal government to open more treatment beds, connected patients with recovery coaches following drug overdoses, converted a state prison to an in-patient drug treatment facility and made drug court available in every corner of the state.

Through our ReachNJ program, we are lowering the stigma of addiction and connecting desperate families with the hope that comes from addiction treatment.

Due to all of our work, I had the honor of Chairing the President's Commission on Combatting Drug Addiction and the Opioid Crisis. With a bi-partisan group, including New Jersey's Patrick Kennedy, we presented 65 comprehensive recommendations to the President. When they are implemented, we will have a real chance to stop the dying.

175 people a day in America. A 9 / 11 every two and one-half weeks. I am proud that we have planted New Jersey's flag on the side of hope and treatment and recovery. We are truly leading the nation.

Finally, I want to thank an inspiration for all these efforts and the star of our ReachNJ television ads, Ms. Vanessa Vitollo. She has been in recovery for over three years now from her heroin addiction and she has become the beacon of hope for so many New Jersey families suffering with addiction. Vanessa is here today and I cannot thank her enough for her honest inspiration to 9 million New Jerseyans.

New Jersey's infrastructure and the Transportation Trust Fund which supports it has been on autopilot since 1988. That was the last time any major changes to the program were made; the last time the funding sources were directly addressed. When I became Governor, I committed to the building trades and business community that in my eight years that I would be the first Governor in 25 years to responsibly expand infrastructure spending.

I wanted more than the usual five-year plan for infrastructure investment though. I wanted the TTF to stop being a political football for both parties. I wanted a plan that significantly increased our expenditures on infrastructure. I wanted a plan that constitutionally dedicated every penny of the gas tax. I wanted a plan that also represented tax fairness to the people of New Jersey. Together, we reached every one of my goals and our next Governor, no matter how long he serves, will not have to reauthorize the TTF. We crafted a plan where both commuters and taxpayers win.

We have an 8 year \$16 billion plan which increases infrastructure spending by 25%. We increased the gas tax and constitutionally dedicated it for only infrastructure spending. And we devised a plan that actually lowers taxes on the citizens of New Jersey.

Together, we lowered the sales tax. Together, we exempted \$100,000 in retirement income for our seniors. Together, we honored our veterans by giving them a significant tax exemption. Together, finally and most importantly, we went from the most punitive death tax in America to no death tax at all. No longer will our seniors have to move to another state to avoid this onerous tax. These measures, when taken together with the gas tax increase, lead to a net \$200 million tax cut for the people of New Jersey.

More infrastructure spending every year. More guaranteed years of investment. A dedicated, reliable funding source. Tax fairness for the people of New Jersey. This is another example of bi-partisan cooperation that comes from us not only hearing each other, but truly listening to and respecting each other. And the winners are the drivers and commuters of our state. Securing eight years of reliable funding for our roads, bridges and mass transit and eliminating the death tax in New Jersey -- those are certainly consequential accomplishments.

October 29, 2012. For New Jerseyans, that is a date none of us will ever forget. Superstorm Sandy changed New Jersey forever. It changed me too. No person can see the destruction to lives and property that I personally witnessed across my home state and not be dramatically changed. The pain, the suffering and the raw emotion of our citizens made me promise that I would do all that I could to recover from that day and rebuild our state as strongly and as quickly as possible.

Whenever I am asked what I am most proud of in my eight years, it is the days, weeks, months and years since Sandy and the way our government handled it. The results were not always perfect; they never are perfect. What was perfect was the effort, the compassion and the focus. Every day for over five years.

365,000 homes significantly damaged or destroyed. Roadways in every corner of the state destroyed or impassable. Two-thirds of the state without power. Only a handful of gas stations open. No water treatment or wastewater treatment plants fully operational. Shelters to be staffed and supplied all over the state. Thousands of tons of debris strewn throughout the state. People wet and tired and cold and scared. Leadership was needed and leadership was provided from every sector of our state and nation. Non-profits, faith-based organizations, governmental entities all answered our call for help. We were grateful then and we are still grateful today.

As a state government, we devised and operated 97 individual new programs focused on housing, schools, insurance claims, small business, mental health, social services, family support, local and county

government services, energy restoration, food supply, fuel supply and dozens of others. This had never been done before on this scale in our state; there was no blueprint. We started from scratch and responded to the needs of our people.

We facilitated the removal, with our towns and counties, of over 8 million cubic yards of storm debris. It was completed within 100 days of the storm by private contractors and cost \$50 per cubic yard. Compare that to New York state, who hired the Army Corps of Engineers. They paid double the cost, \$100 per cubic yard, for one-eighth of the debris and it took longer to remove it. We saved time and money for the people of New Jersey.

Five years later, 85% of all families who applied for housing help are back in their pre-Sandy homes. \$2 billion in housing assistance has been distributed to those in need. For those in flood prone areas who did not want to go home, we have spent over \$100 million to buy those homes at pre-storm values through our Blue Acres program to give those families a fresh start. We have built over 3,100 new affordable housing units with another 2,600 under construction. \$350 million was successfully distributed to families in aid to help them pay their mortgages, rent payments and repair costs.

We stood up for our devastated towns by creating a new program that provided \$133 million in grants to towns to fund essential services like police, public works and education without property tax increases. We paid for their 10% match to the federal government on debris removal. Secured \$111 million in loans to bridge any gap a town had in providing longer term services.

We helped citizens under stress by providing 60,000 people with behavioral health screenings. Over 3,500 people received drug addiction treatment related to Sandy. More than 10,000 families received psychological services through schools or community service centers arranged for by our Administration.

To rebuild our small business community, we developed a new program called Stronger NJ Business loans and grants. We distributed \$56 million in grants and \$86 million in zero interest loans to more than 1,200 businesses. Through these programs we rebuilt our business community and Moody's has now concluded that five years later the business community is stronger and more resilient than it was pre-Sandy. That has helped us have our best tourism year ever with over \$44 billion in tourism spending.

We have invested to make sure the next storm that comes will not devastate us again like Sandy did. We rebuilt the destroyed Route 35 in Ocean County to a state of the art standard of storm resilience. Established an energy resilience bank for over \$200 million in those projects. We were awarded \$1.25 billion for NJ Transit resilience projects -- the highest award given to any of the thirteen states competing for those grants. 127 gas stations have become energy resilient so they can operate on generators in the event of another long-term power outage. Over \$500 million to make our wastewater treatment plants more resilient.

We have engaged in a \$1 billion coastal restoration project to build dunes and other protections to ensure that another Sandy type event does not devastate our Jersey shore. From Cape May to Union Beach we are building protections that our citizens will be able to count on for decades to come. Leaving our shore unprotected again was not acceptable after the devastation of Sandy. We have also built sea walls in Sea Bright, put up sheet piling in Mantoloking, mitigation on the Hackensack River, pump stations in Brigantine, tide gates in Little Ferry and piping systems in Belmar's Lake Como. We are more prepared today than at any time in our history and it happened because we not only wanted to recover but rebuild stronger.

We will not stop our efforts until every family gets back in its home. The job is almost done but almost is not good enough. But we have recovered in half the time it took Mississippi and Louisiana to recover from Katrina; still well ahead of New York's recovery from the same storm. To all those who worked on

this recovery, most particularly Marc Ferzan and all the men and women of the Governor's Office of Recovery and Rebuilding, you have my undying gratitude.

Superstorm Sandy was a defining moment of our last eight years. It was our greatest challenge and provided us with our most satisfying personal and professional moments. All New Jersey proved we were, in fact, stronger than the storm.

A smart, politically balanced and fully staffed judiciary should be the goal of every Governor. It certainly was mine and we worked hard to make sure the law was followed and that justice was available to all our citizens. State law requires that there is an even distribution between Republicans and Democrats on our Superior Court. The law was being ignored when we arrived in Trenton. There were 31 more Democrats than Republicans on the bench. We fought not only to appoint better judges but to insure the political balance that the law requires. While this did lead to moments of strife, in the end, we nearly delivered on all those goals. There are more judges on the bench today than at any time in our history. In fact, there are only 11 vacancies out of 462 judicial seats in our Superior Court. Justice is available to all in every county. Just as importantly, we have moved from an imbalance of 31 seats to an imbalance of only 5 seats favoring the Democratic party. I hope, as we move forward, Governors and Senators respect the rule of law and finish the job we started -- by keeping the bench full and politically balanced.

No State of the State would be complete, no responsible discussion of New Jersey's future can happen in this room, without a discussion of the sword of Damocles that hangs over the head of every New Jerseyan: our pension system and how it dominates any hope of building on the success of the last eight years.

In 2009, I was proud to start a discussion that no Governor in America was honestly having: the discussion on our broken state pension system and how its unaffordable promises were choking the ability of state government and its citizens from investing in the future. No one wanted to really talk about it. The good news for me though was that the only other public official in New Jersey who had honestly discussed this issue was elected Senate President the same year I was elected Governor. A perfect storm some might say.

Previous Governors and Legislatures virtually ignored the growing menace of increased costs and no real contributions. Benefits were regularly made more generous, assumed rates of return were irresponsibly increased to hide the problem, and for 14 straight years not enough was contributed by the state to even cover that year's costs, let alone the exploding unfunded liability. It was done by both parties. It was done when economic times were bad. It was done when economic times were booming.

The facts go back to the 1980's and every decade since then. Governor Kean drastically increased benefits for police and fire personnel. It was paid for by quietly increasing the assumed rate of return in 1988. Governor Florio increased the assumed rate of return again only three years later from 7% to 8.75% to avoid any pension payments. Governor Whitman floated back loaded pension bonds which will cost us four times what we borrowed when we finally finish paying them off in the next decade. Governor DiFrancesco drastically increased benefits for all pensioners with no additional funds. Governors McGreevey and Codey made virtually no contributions to the pension funds in their shared four years. Governor Corzine stubbornly maintained the assumed rate of return over 8.25% to continue to hide this growing problem from the public and avoid even larger expected pension payments. Both parties, for thirty years, added to this problem. They didn't talk about it. They not only didn't fix it, they made it worse each and every year. Then, they deposited it in my lap in January of 2010.

We didn't hide the problem from the people. We didn't hide from confronting it ourselves. We traveled the state, held town hall meetings and sounded the alarm. In return, we were regularly attacked for it by union leaders who have never cared how we would pay for all of this -- only that the checks came every

month, no matter the road to ruin it put the other 8.1 million New Jerseyans on for the future.

In 2011, we passed historic reform that made employees pay a more realistic share of their pension costs, pay some share of their health insurance costs and end cost of living adjustments until the funds were once again solvent. These reforms will save \$120 billion for the system over thirty years and have staved off, for the time being, insolvency of the system. While the state had to adjust our payment plan from 1 / 7 per year to 1 / 10 per year, the reforms made sense then and make even more sense now. But we did not stop there.

To further secure the system, we dedicated the Lottery to the pension system for the next thirty years. This dedication, along with the state's payments, will get the funds to 90% funded within 30 years and is another step this Administration has taken to secure the pension system.

We also have made unprecedented cash contributions to the pension system. In our eight years, we have contributed \$8.8 billion to the system. This represents 2 ½ times more than the last five Governors before me combined. If such contributions had been being made all along, our problems would be almost non-existent.

We took a diversified, professional and bi-partisan approach to investing these funds for the last eight years under Republican Bob Grady and Democrat Tom Byrne, who is here with us today. Our returns have beaten those of most public plans even while taking less risk than 90% of them. The market value of the fund has increased by \$10 billion since February of 2010 even while paying out \$70 billion in benefits in those years.

Despite all of this, two things remain true: we still have a big problem to tackle and that problem will only be solved by making these benefits more realistic for both pensions and health insurance.

A bi-partisan commission has laid out a plan that can and will work if you all finally have the will to implement it. If we do not, let me assure you that there are not enough taxes to raise or other programs to cut to feed the insatiable beast of public employee pensions and platinum-plus health benefits. Let me assure all of you of one other thing: no matter what you do, unless it is complete capitulation, you will be vilified by public union leaders. We have seen that play out with me for eight years and if my Democrat friends think they are immune, I am sure your attention was drawn to this year's legislative races. Actions speak much louder than words.

If you don't believe me, look at our record, the facts; more money contributed than the last five Governors combined, the lottery completely dedicated to pensions, quarterly payments rather than annual payments. All were signed by this Governor, yet, I think few have been more publicly criticized by these union leaders than I have been. The solving of this problem will not lead you to be loved. The gratitude you ultimately receive will be from future residents who will not be living in a bankrupt state where 8.1 million people are working every year until June or July to just pay the retirement and health benefits for 800,000 retirees. That is unacceptable. That is unsustainable.

The choice before you is clear but tough. The "failure to act" option is running out of time. I have put every ounce of political capital I had on the line to bring about the positive changes we have made and I do not regret one minute of it, despite the impact it has had on my political standing. I have tried to live by the words of Winston Churchill when he said, "Success is not final, failure is not fatal; it is the courage to continue that counts". Continue I have done for eight years on this issue and I pray for our state today that you will do the very same thing in the months and years ahead.

Today is my 2,913th day as Governor. I have loved the job and I am so grateful to all the people of New Jersey for giving me the chance to serve the state where I was born and raised and where my four

children were born and raised. I wish Governor-elect Murphy and his family every success and every joy that is possible for them over the next four years. Next Tuesday at noon he will be my Governor too. His success will be our success and I hope for him and our state nothing but blue skies ahead.

But when you have this job, it can be lonely. But if you are lucky you are never really alone. Those around you make the days filled with friendship and camaraderie.

I feel fortunate to have been joined in this venture by New Jersey's first Lieutenant Governor, Kim Guadagno. She executed her uncharted duties with class and energy and good humor. I thank her for her service to me and the people of this state.

I have been fortunate to have at the helm of one of the other co-equal branches of government a person who approached his job in the same way I approached mine -- with passion, with vigor, with emotion, with resolve, with stubbornness and with, at times, some pretty colorful language. The achievements I spoke of today would not have been possible without a person of good will and honesty and character to fight with and to make deals with and to have fun with these last eight years. Senate President Steve Sweeney is a great leader and an even better man. I have enjoyed our eight-year journey and I will miss our early morning phone calls. Most of all, I am happy and relieved that as I depart, that you will remain right in that chair to help insure the safety and success of New Jersey's future. Thank you, my friend.

There are not words sufficient to thank your family for what they endure and support and tolerate when someone they love serves as Governor. It has been a true joy to have my Dad, at 84 years old, to be here to witness all eight of these years and to represent himself and my Mom. Thanks for being a wonderful father. To my brother Todd and my sister Dawn, and their spouses Andrea and Russ, thanks for always understanding the missed events and missed phone calls and never holding it against me. To my four children, who have grown up in front of the people of New Jersey because of their Dad's job, the true joys of the last eight years were almost always produced by Andrew, Sarah, Patrick and Bridget. To my wife of 31 years, the mother of our children and our incredibly classy and energetic First Lady --Mary Pat, only you know the true depth of the joys and challenges of the last eight years because only you have been there every step of the way. Thanks for each of those steps and thanks even more for your love and understanding.

In the end, a Governor cannot get elected, be worth electing and be worth keeping for eight years without a great team. Sixteen years ago, I was sworn in as U.S. Attorney and every day since I have been blessed to be surrounded and served by an extraordinary team. I cannot name them all but I do not have to --their service to me was just that -- selfless. They are represented by names like Rich Bagger and Jeff Chiesa. Maria Comella and Bill Palatucci. Charlie McKenna and Kevin O'Dowd. Amy Cradic and Tom Scrivo. Chris Porrino and Michele Brown. Paul Matey and Mike DuHaime. To my team, we worked very hard, very well and always for the right reason -- to do the right thing.

As the final hours of our partnership slip away, I am reminded of the great Tennyson quote from Ulysses and believe that it applies to each and every one of you and the road we have traveled together these last 16 years: "Though much is taken, much abides. And though we are not now that strength which in old days moved heaven and earth, that which we are, we are. One equal temper of heroic hearts, made weak by time and fate, but strong in will. To strive, to seek, to find and never to yield."

For me and the team I brought with me to this place eight years ago that sums up what we came here to do. To strive to win for the people we serve. To seek that which is good and right in all that we do. To find solutions to problems that no one could solve before us. And never to yield; not to pressure or polls, not to lies or puffery, not to partisanship or the old phrase "that's never been done here before".

I leave you today grateful, happy and a better man than I was when I walked in here for the first time

eight years ago. For that and so much more, I thank you. Most of all, I thank the wonderful people of the great state of New Jersey. I came to this job eight years ago proud to be one of you. I leave it next week even prouder to be one of you. God Bless you and farewell.