



2020 Year-end Update and Look Ahead

Building a Future for New Jersey
that is Affordable and Prosperous

A Message from Regina M. Egea

President, Garden State Initiative



Last year at this time when I sat down to write a note for our year-end update, never could any of us have imagined how 2020 would unfold. And as I sit now and take stock of the past year, I am optimistic about the opportunity that exists, with your support, for the Garden State Initiative to change the trajectory of our New Jersey.

The events of 2020 were unparalleled, and for GSI, entering our third year as the only think tank in New Jersey focusing on sensible economic policy, our voice was needed more than ever as the state navigated the COVID-19 pandemic and accompanying fiscal challenges. I am particularly thankful for all our supporters, both individuals and foundations, who generously joined to support our mission during a difficult time. Our success is a testament to how deeply we all care for our state and want to make it once again a place where families and businesses can thrive.

This past year, GSI continued to grow in relevance filling the void left by the media by asking the questions you wanted answered and offering virtual forums that featured timely topics not being discussed anywhere else.

In May, GSI released our poll results that showed New Jerseyans prefer reform and cost-cutting over raising taxes and more borrowing. That poll and the decision by the Governor and legislators to move the state's budget deadline from July to September, set the stage for our virtual discussion in September with Rich Bagger. As you know, the Governor and legislature did the opposite of what the public preferred, but our forum, with a figure who has been "in the room" for these decisions, helped bring understanding of the story behind the news.

Overall, research and analysis remained our focus this year and we offered you a broader look at New Jersey's economy to create a comprehensive understanding of the implications of policies made in Trenton. Our analysis of the state's employment and GDP data were frequently cited by the media and policymakers, while our review of Transportation Trust Fund data drove debate around the state's Gas Tax.

As you review the highlights for 2020 that follow on the next pages, I hope you are equally proud of all we accomplished with your support. I believe 2020 has set the stage for an especially impactful 2021, a year in which the Governor and entire legislature face voters. GSI is committed to creating an engaged electorate by providing the tools for voters to ask informed questions of candidates seeking office and to continue to be your only source of independent research and analysis of the policy issues impacting our state.

As always, please feel free to contact me with your comments and how you can support our efforts at: regea@gardenstateinitiative.org.

A handwritten signature in black ink that reads "Regina M. Egea". The signature is fluid and cursive.

GSI Works to Restore New Jersey's Competitive Position

Since GSI was founded in 2017, New Jersey's competitive position has been at the heart of our work. We believe that our state's ability to compete is the key to restore New Jersey as a place where people desire to raise their families and businesses choose to invest.

To highlight GSI's mission, our first Economic Policy Forum, held in May 2018, coincided with the release of a research paper that studied [New Jersey's business tax competitiveness](#). The report documented that while New Jersey looks at increasing taxes, our competitor states are working to reduce them to boost both business and industry. The analysis proved prescient as our competitive standing has further eroded due to poor policy decisions.

Through our subsequent research reports, op-eds, media interviews and social media, we have documented the ramifications of these policies: a state which lags competitors in our region, let alone the nation, when it comes to creating jobs and inviting investment. In 2020, for the 7th consecutive year, New Jersey was ranked as having the worst business tax climate in the nation and we ended the year with the Highest unemployment rate in the U.S.. We have seen those numbers brought to a cold reality with the fact that, according to Census data, more people moved out of New Jersey than moved into our state during 2018 and 2019, and major surveys have shown our state among the leaders in outmigration.

Despite the negative headlines, we have never been more optimistic about GSI's future and the outlook for New Jersey in the year ahead. Our message is resonating and public recognition of the need for fundamental policy reforms is growing.

In the coming pages of this report, we will tell you how GSI is moving the needle towards commonsense policies, and the tools we are using to drive decisions that restore our state as a place that is affordable and prosperous for our residents and job creators.



Independent Analysis to Hold Leaders Accountable

With the unprecedented disruption to New Jersey's economy, the need for independent research and analysis has never been greater. To that end, in 2020 GSI further cemented its reputation for timely analysis of issues impacting the state by issuing several new reports demonstrating how New Jersey's performance in job creation and economic growth was lagging our competitor states.



Throughout the year, GSI issues timely analysis of reports from the federal government and State of New Jersey including the unemployment rate and labor market, gross domestic product and personal income, among others. As the year came to a close, we documented how the state's job growth was sluggish as a growing number reentered the workforce seeking employment. Our analysis also found personal income slipping in recent months, as the impact of initial federal aid faded away. We will continue to issue analysis that cuts through the numbers and offers a clear vision of where our state is headed.

In addition to analysis of regularly scheduled government reports, GSI also undertakes other independent research to inform the public and influence the debate.

One such area of analysis in 2020 was the state's failure to deliver on promised infrastructure improvements from the Transportation Trust Fund (TTF), which is funded by the Gas Tax. In early April, GSI warned that a decline in driving activity would likely result in an increase in the state's Gas Tax.

With a possible tax increase looming, GSI examined the state's utilization of TTF funding and found that the state had only utilized \$2 billion of borrowing authority in the last four years, under a \$16 billion, 8-year plan. That failure has had a direct impact on the state's economy as industry studies demonstrate that for every \$1 billion in transportation investment, 13,750 direct jobs are created with an additional 12,500 support service jobs. Wages earned from those 13,750 jobs equals \$740 million in the hands of New Jersey residents.

GSI aggressively questioned the need for a tax increase, at the height of the pandemic, while the state was unable to proceed with the funding already in place. While the state proceeded with a significant increase in the Gas Tax, the Murphy Administration later announced plans to increase infrastructure spending by \$600 million to \$2.6 billion. GSI will be watching to see if the public promises result in tangible improvements to our infrastructure and benefits to New Jersey's economy.

GSI Briefing – Virtual Events to Inform & Engage

With COVID-19 forcing the cancellation of our 3rd Annual Economic Policy Forum in May, GSI seized the opportunity with virtual forums to inform and engage our community by creating the *GSI Briefing* virtual policy forums that brought together New Jersey’s leading voices in public policy to discuss issues of importance to our state.

In August, as New Jersey’s economy began to reopen after the first wave of the pandemic, attention turned to the impact of the pandemic on our state’s economy and job market. **Dr. James W. Hughes**, a nationally known expert on demographics, housing and regional economics who served for more than two decades as the Dean of Rutgers University’s Bloustein School of Planning and Public Policy, presented on the impact of the pandemic on the state’s economy along with a comparative analysis of the current period to historic economic contractions such as the Great Depression and the aftermath of the 9/11 terrorist attacks.

In the early weeks of the pandemic, Gov. Murphy and the state’s legislature agreed to move the end of the fiscal year and deadline for the adoption of a new state budget from June 30th to September 30th. To help the public understand these uncharted waters, GSI hosted a virtual event with **Richard Bagger**, who served for more than a decade in the New Jersey Legislature, where he chaired the Assembly Budget and Appropriations Committee, prior to serving as Gov. Christie’s first Chief of Staff. Mr. Bagger provided insights on the institutional dynamics of the Governor and Legislature during State Budget deliberations as well as the policy implications of budget choices being considered for FY ’21.

The final *GSI Briefing*, hosted in November, “A Conversation with the Attorneys General” brought together two leading members of the state’s legal community, former Attorneys General **John Degnan** and **Chris Porrino**. New Jersey’s chief law enforcement officials under Governors Byrne and Christie offered a candid discussion of current issues facing our state, including COVID-19 impact on Public Safety and Criminal Justice Reform, Marijuana Legalization, Election Integrity and the unique duties of New Jersey’s Attorney General.

Stay tuned for details on future virtual events in the first quarter of 2021.



GSI Polling Drives Debate Over Taxes & Spending

On the heels of our 2019 poll with the Fairleigh Dickinson University that found nearly half of Garden State residents were [considering leaving the state](#) due to high taxes and cost of living, in April, GSI commissioned a follow-up poll that similarly garnered significant media attention and discussion among policymakers.

As the effects of the COVID-19 pandemic on the State of New Jersey's finances began to emerge, residents of the state had a clear message to Governor Murphy and legislative leaders:

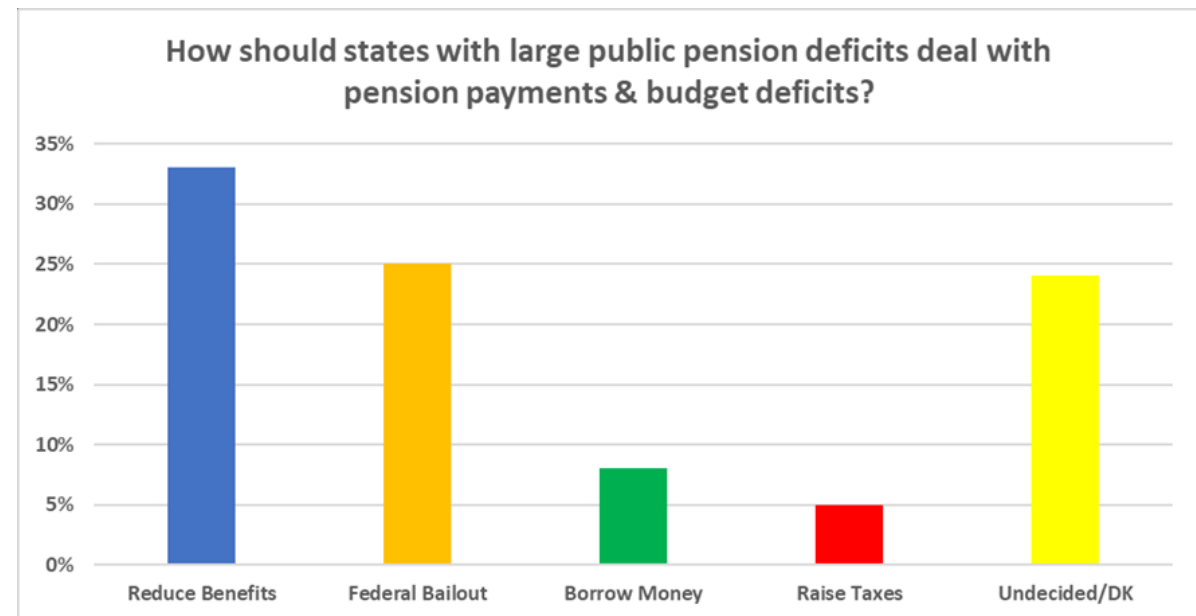
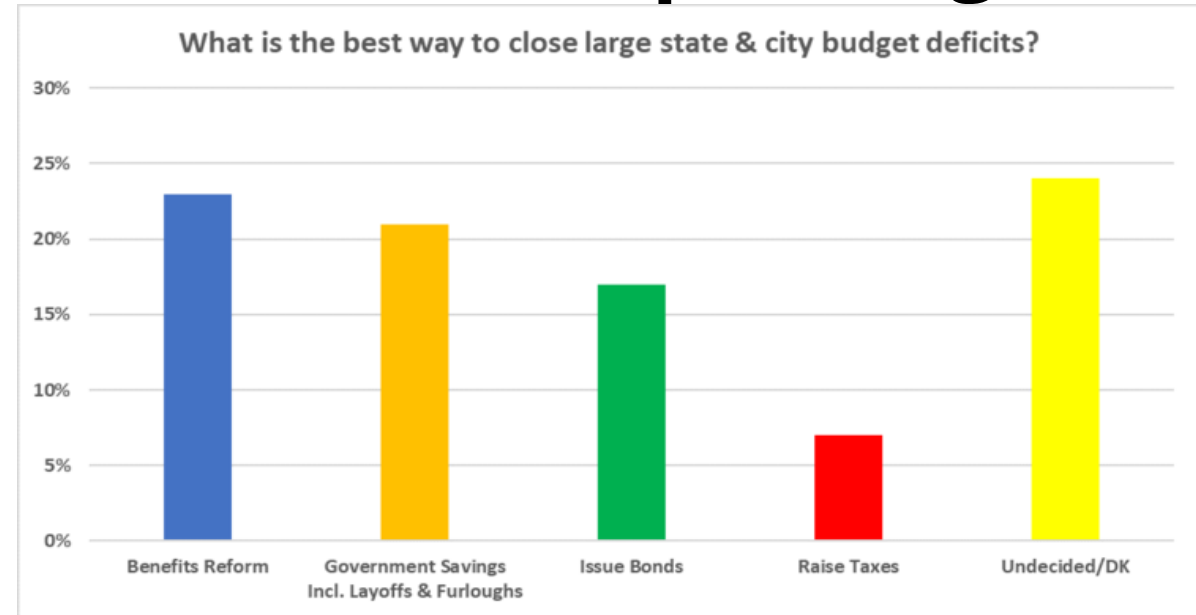
“Reform public employee benefits and reduce the cost of government before you consider raising taxes.”

That was the conclusion from [a survey of 500 registered, likely voters in New Jersey](#) conducted for the Garden State Initiative by National Research Inc.

“By significant margins, New Jersey voters recognize that tax increases are not the right prescription to get New Jersey's fiscal house in order,” said GSI's president Regina M. Egea. “Common sense reforms, that put public employee benefits on par with the private sector, coupled with measures to reduce the cost of government, enjoy broad popular support among voters.”

Of additional note, the option of increasing taxes was the least preferred alternative of every demographic subgroup surveyed.

In 2021, GSI's polling efforts will take on additional relevance as we enter a year where the Governor and entire legislature are on the ballot and public opinion will be of utmost importance to those seeking office.



Leveraging the Media to Drive Policy Debates

As a recognized voice in our state's public policy arena, GSI's leadership is regularly sought-out to provide commentary on issues impacting New Jersey residents through interviews, op-ed submissions and on-the-record quotes.

In 2020, numerous op-eds from GSI appeared in leading publications. A small sampling of our publications:

[How Does New Jersey's Value Proposition Stack Up?](#)

Regina Egea in NorthJersey.com

[Fixing New Jersey's COVID-19 Shortfall](#)

Thomas J. Healey, Regina Egea in *City Journal*

[Borrowing \\$10 billion is Unconstitutional and Hopefully the Court Will Say So](#)

Thomas J. Healey, Assemblyman Jay Webber in NJ.com

[Why Gov. Murphy Should Rule-out an Increase in the Gas Tax and Go Even Further](#)

Regina Egea in NJSpotlight.com

[Keep It Simple, New Jersey: Make Budget Serve Residents](#)

Lawrence J. Mone, Regina Egea in ROI-NJ.com

[To keep Nabisco, others in N.J. we can't continue business as usual](#)

Regina Egea in NJ.com

To see GSI's media highlights, including radio and television interviews, please be sure to visit our website regularly.



New Additions Strengthen the GSI Team

James Boyle joined GSI in September 2020 as our new Director of Development overseeing the organization's fundraising and donor relations.

Mr. Boyle comes to GSI with more than 20 years of leadership experience in both the nonprofit and private sector.



A lifelong New Jersey resident, he began his development career fundraising with international and national nonprofit organizations, including The International Rescue Committee and Thirteen/WNET, where he led collaborative efforts to build and integrate multi-streamed fundraising programs focused on sustainable long-term growth.

During his time in the private sector, he held a senior leadership position at Blue Asset Management, a New Jersey-based commercial real estate hedge fund, overseeing investor relations and business development efforts.

Mr. Boyle graduated from Montclair State University with a BA in Political Science and earned a Master of Public Administration degree from Seton Hall University.

He currently resides in West Orange with his family.

Mr. Boyle can be reached at: jboyle@gardenstateinitiative.org

Charles Steindel, Ph.D. has joined GSI as a contributor of analysis on economic issues and government data reports reflecting the health of New Jersey's economy.

Dr. Steindel is Resident Scholar, Anisfield School of Business, Ramapo College.



He was previously Chief Economist of the New Jersey Department of the Treasury and, earlier, a Senior Vice President at the Federal Reserve Bank of New York. He received his Bachelor's degree from Emory and his Ph.D. from MIT.

Dr. Steindel's work is highly regarded in New Jersey and across the nation.

In the words of Janet Yellen, former Chair of the Federal Reserve Bank, and current nominee for Secretary of the Treasury, "Charles Steindel is a pro. He guided the Federal Reserve for decades on the interpretation of U.S. economic statistics."

Former New Jersey Treasurer Andrew Sidamon-Eristoff similarly praised Dr. Steindel's work, noting "As the New Jersey Department of the Treasury's first Chief Economist, Dr. Charles Steindel leveraged his experience and deep understanding of economic context to curate dry, frustratingly limited, and easily misinterpreted data series into important, practical insight for New Jersey's policymakers dealing with everything from annual budget planning to Superstorm Sandy recovery."

GSI Digital: Advancing our Message Online

GSI's presence on Facebook, Twitter and LinkedIn allow us to bypass the traditional media and bring our message directly to the public. We use Facebook and LinkedIn to promote our research reports, events, media placements as well as to drive engagement on issues among New Jersey residents. On Twitter, we count among our audience, key journalists, public officials, and grassroots supporters from across the state.



Facebook:

10,700 followers

1.28 million impressions

Twitter:

2,024 followers

59% growth in followers

1.29 million impressions

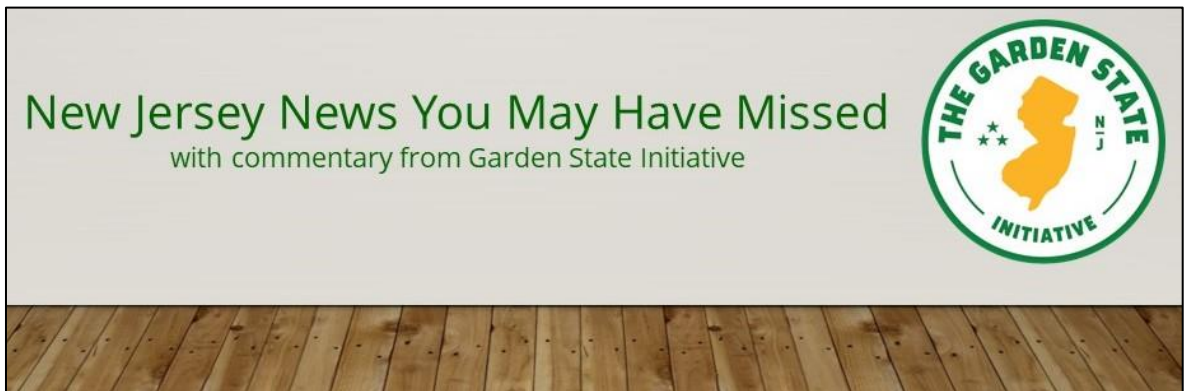
LinkedIn:

64% growth in followers

In early 2020, GSI launched its first electronic newsletter **New Jersey News You May Have Missed**, which offers commentary and analysis of issues impacting our state.

The newsletter, issued several times a month, is a collection of important new items, analysis and research highlighted on GSI's social media pages.

To make sure you do not miss an edition, please sign-up on our website at gardenstateinitiative.org/get-updates or email us at contact@gardenstateinitiative.org.





Garden State Initiative
P.O. Box 9180
Morristown, NJ 07963
gardenstateinitiative.org