



Fiscal Year 2022 Budget Proposal: Investing in Affordable Housing

Governor Murphy and Lieutenant Governor Oliver are committed to making New Jersey a more affordable place to live, particularly during this challenging time.

The pandemic has created a crisis for many who, due to lost jobs or reductions in income, are struggling to pay housing costs. It has also exacerbated the longer-term affordability challenges in New Jersey's housing market. The FY2022 budget proposal furthers the Governor and Lieutenant Governor's commitment to providing both short- and long-term assistance.

Investing in Rental Assistance

This budget ensures that federal housing support funding will be leveraged to help renters get the help they need during the pandemic.

The new **\$350 million** federally funded Emergency Rental Assistance Program will build on the success of the COVID-19 Emergency Rental Assistance Program (CVERAP), announced in May 2020, that eventually approved rental payments for approximately 15,080 households representing **\$91.3 million** in Coronavirus Relief Fund (CRF) monies.

The Murphy Administration also used the CRF to set up the COVID-19 Housing Assistance Program in the Department of Human Services, which has provided **\$10.5 million** to date to over 1,600 residents.

This budget also maintains support for the long-term rental assistance needs of low-income New Jerseyans, and creates a new State Rental Assistance Payment (SRAP) pilot for expectant mothers.

Supporting Housing Affordability

This budget will support Governor Murphy and Lieutenant Governor Oliver's housing affordability agenda by:

- Investing **\$20 million** into the Housing and Mortgage Finance Authority's (HMFA) Down Payment Assistance (DPA) program, which will help HMFA provide nearly 2,000 affordable mortgages for first time homebuyers.
- Devoting at least **\$30 million** to the Department of Community Affairs Small Projects Grant Program, which announced its first projects in December and continues to approve projects on a rolling basis.
- Allocating **\$12 million** to provide gap financing for multi-family projects that will add substantial low-income units to the housing stock, along with **\$10 million** targeted to adding workforce affordable units within these projects.
- Investing in efforts to streamline housing permitting and construction review processes at the state and municipal levels to spur additional housing supply.
- Providing \$1 million to extend HMFA's foreclosure mediation counseling to include pre-foreclosure counseling and renter assistance counseling



Fiscal Year 2022 Budget Proposal: Investing in NJ TRANSIT

Total budget investment in NJ TRANSIT: \$2.65 billion

Building a Better NJ TRANSIT

In January 2018, NJ TRANSIT was in a state of serious disrepair, facing significant challenges on every front after years of underfunding and neglect. Under the Murphy Administration, **nearly one billion dollars** has been invested into turning NJ TRANSIT around and building a better, more sustainable mass transit agency that commuters can depend on. PTC deadlines have been met, over one hundred new engineers have been trained and hired, and critical infrastructure projects have been put into motion. All without a single fare hike. The FY2022 budget will build on the progress that has already been made and ensure that NJ TRANSIT emerges from the COVID-19 pandemic stronger and better than it was before.

Progress in Spite of Challenges

The COVID-19 pandemic has devastated transit agencies across the country. Despite unprecedented challenges, NJ TRANSIT has achieved significant accomplishments during the prior budget cycle.

- Met the federal Positive Train Control system deadline ahead of the statutorily mandated deadline in December 2020
- Released its first ever 10-year strategic plan
- Released a five-year capital plan
- Worked with New Jersey's congressional delegation to obtain over **\$2 billion** in critical support from the federal government for major infrastructure projects, including the Portal North Bridge
- Finalized the Full Funding Grant Agreement with the Federal Transit Administration to replace the 110-year old Portal North Bridge
- Broke ground on the Raritan River Bridge Replacement Project

Stronger and Fairer Funding for NJ TRANSIT

Since the COVID-19 pandemic began, NJ TRANSIT's train ridership has declined by approximately 75%, and bus ridership has declined by approximately 50%. Despite the significant challenges the pandemic has posed, the FY2022 Budget Proposal increases NJ TRANSIT's total resources and continues to reduce diversions.

- No fare hike for the fourth consecutive year
- Under the FY2022 Operating Budget Proposal, NJ TRANSIT is projected to spend **\$2.65 billion, a 9% increase** over the FY21 revised forecast
-\$2.4B in FY21, and an increase of 15% over FY19
- Lowest capital fund to operating fund transfer in **15 years**.

Continuing Our Progress

NJ TRANSIT will continue to build on the significant progress it has already made, including the advancement of several critical projects and priorities:

- Preliminary design and engineering for the **\$250 million** overhaul of the Walter Rand Transportation Center
- Design award for the **\$190 million** overhaul of Newark Penn Station
- Start of major construction on the new building facility at Elizabeth Station
- Continuation of substantial construction on the Hoboken Long Slip Fill Project
- Start of construction on the new Lyndhurst Train Station
- **\$1.8 Billion** Portal North Bridge Replacement Project
- Continued progress on the **\$600 million** Raritan River Bridge Replacement Project
- On track to reach a full complement of **390** train engineers
- Procurement of sustainable and green technology, including electric buses



Fiscal Year 2022 Budget Proposal: Investing in Our Students, Schools, and Future

Total budget investment in pre-k through 12: \$18.1 billion

Total budget investment in higher education: \$2.6 billion

Governor Murphy has long believed that investments in our students are investment in the future of our state. As we continue to grapple with the COVID-19 pandemic, the Governor believes more than ever that we must prioritize education and support students of all ages.

The proposed FY2022 budget furthers the Governor's historic commitment to education. Governor Murphy's four budgets will have increased direct pre-K through 12 spending statewide by nearly **\$1.5 billion**. Additionally, this budget boldly strives to make higher education more attainable for more New Jersey residents.

Governor Murphy understands that increasing school funding is critical to helping municipalities deliver property tax relief. Due to historic investments in education, Governor Murphy's first three years in office have seen the slowest rate of property tax increase of any administration in over 20 years.

Investing in Our Public Schools

Since taking office, Governor Murphy has substantially increased investments in public schools, putting New Jersey on the path to fully funding the school funding formula. This budget would:

- Increase formula aid by **\$578 million**, ensuring that the next two steps of the path to full funding are taken;
- Provide **\$25 million** more for Extraordinary Special Education Aid;
- Create a new **\$50 million** Stabilization Aid program;
- Fund a new **\$75 million** Capital Maintenance and Emergent Needs program;
- Continue to invest **\$4.5 million** in school-based wraparound services.

The investment in education will allow districts to make smart investments in their communities to meet the unique needs of their students and educators, an especially critical priority as districts manage challenges caused by the COVID-19 pandemic. School districts will be able to use state funds in conjunction with federal resources to address pandemic-related learning loss, stand up mental health programs, train educators, and remediate buildings, among other uses.

Investing in Our Pre-K Students

Programs for our youngest learners have proven to be among the smartest investments we can make in our future, with pre-K investments shown to have a seven-fold return on investment. This budget would:

- Expand the state investment in pre-K by **\$50 million**, including **\$26 million** for new programs.
 - To prepare for the expansion of pre-K, the Department of Education has approved over 6,500 preschool seats in over 100 new districts, with 1,800 seats in 25 new districts expected.

Investing in Higher Education

This budget would make higher education more attainable for more New Jersey families and further assist colleges by:

- Allocating an additional **\$50 million** to fund The Garden State Guarantee, which provides two years of free college or university tuition at a four-year institution to students with household incomes of less than \$65,000;
- Investing **\$27 million** in Community College Opportunity Grants (CCOGs), which provide tuition-free community college for eligible students;
- Advancing the Educational Opportunity Fund (EOF) through an investment of **\$51.8 million**, an increase of **\$2.8 million**, and fully funding undergraduate slots in the program for the first time in decades;
- Increasing aid to community colleges by an additional \$5 million.



Fiscal Year 2022 Budget Proposal: Investing in Economic Growth

New Jersey's small businesses and the Main Streets many of them call home have always been the backbone of New Jersey's economy. Hit hard by the COVID pandemic, these businesses have been forced to adapt over the past year to a vastly changed economy.

This budget allocates almost \$150 million in funding to help small businesses recover and thrive, which bolsters the \$50 million allocation from the recently signed Economic Recovery Act. In all, this commitment means we're ready to deploy almost \$200 million over the next two years in direct grants, loans, loan guarantees, and other tools for countless Main Street small businesses.

That \$200 million commitment complements another boost for our business sector when the Murphy Administration announced that all the federal support our businesses received through the Paycheck Protection Program would be exempt from state taxes. For the average New Jersey business, this will be a tax savings of nearly \$10,000.

This \$200 million initiative includes the following components, boosting economic recovery in our communities, providing access to capital for minority-owned businesses, and helping government support sustainable economic growth:

- **\$100 million** allocated from the recently passed Economic Recovery Act's Main Street Recovery Finance program (\$50 million is available in FY2021 and an additional \$50 million is proposed for FY2022).
- **\$25 million** for EDA's lending programs such as Premier Lender and Microbusinesses;
- **\$20 million** for the NJRA's Urban Site Acquisition Fund and Redevelopment Investment Fund, the first State investment in the NJRA since 2002;
- **\$15 million** for Permit Modernization across State departments and for local governments;
- **\$13.5 million** for the Department of Transportation's Local Aid and Economic Development Grants, including the Transit Village, Safe Streets to Transit, and Bikeways programs;
- **\$10 million** for EDA's Black and Latinx Seed Fund initiative;
- **\$6.5 million** for DCA's Neighborhood Preservation Program and Main Street New Jersey, allowing each to expand to significantly more communities;
- **\$5 million** for the Department of State's Business Marketing Initiative;
- **\$3.2 million** for the Commission on Science, Innovation and Technology;
- **\$1 million** for EDA's NJ Ignite; and
- **\$500,000** to double funding for EDA's Small Businesses Bonding Readiness Assistance program



Fiscal Year 2022 Budget Proposal: Advancing Criminal Justice Reform

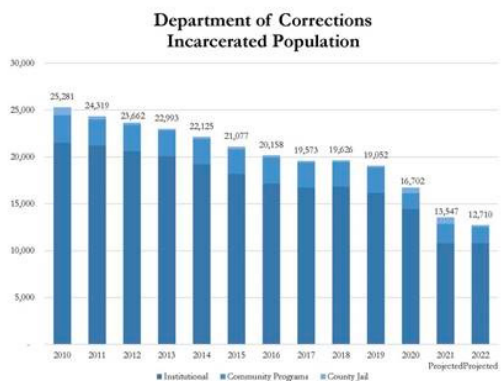
Total budget investment in criminal justice: \$18.45 million

Although there is still more work to do, the Murphy Administration, working in partnership with the New Jersey Legislative Black and Latino Caucuses, has made tremendous progress addressing inequities in our criminal justice system over the past three years. The Governor's FY2022 proposed budget includes funding for both front-end and back-end criminal justice reforms to continue progress.

Proposed front-end funding will support lessening the burden on individuals seeking expungement of criminal records, equipping local police officers with body-worn cameras, and developing software to make law enforcement forfeiture actions more transparent.

Proposed back-end funding allows incarcerated individuals placed in isolated confinement to undergo daily examinations by health professionals as well as supports implementation of the "Earn Your Way Out" law.

To protect the health of those in the State's custody and staff throughout the pandemic, the Governor signed Executive Order 124 and enacted Public Health Emergency Credit legislation in 2020 to reduce the State's adult prison and youth facility populations and enable more social distancing. Because of these releases and other criminal justice reform policies, the DOC population is now closer to 13,000 compared to nearly 19,500 when the Governor took office.



This decreased population has allowed the Administration to responsibly consolidate and close a DOC facility in three consecutive years and reduce contract spending. As a result of the dramatic decrease in DOC's population—including a nearly 80% reduction in DOC's residential community release program population—the State will reduce overall spending in administrative and contracted categories, taking into account projected future population fluctuations. The State will re-allocate these savings into services for incarcerated people and committed youth that will support the educational, workforce, and transitional needs of individuals, thus better preparing them for successful transition into communities upon release.

New and increased investments across the Juvenile Justice Commission and Department of Corrections include:

- **\$5 million** to improve internet infrastructure for DOC's incarcerated population to access education, employment, and legal materials;
- **\$4.2 million** more for our counties' Youth Services Commissions and their work to reduce juvenile delinquency;
- **\$3 million** for a New Jersey Locally Empowered, Accountable, and Determined (NJ LEAD) grants program so DOC can fund non-profits that facilitate re-entry;
- A new total of **\$2.25 million** for the Scholarship and Transformative Education in Prison Program (NJ STEP), which will complement legislation signed by Governor Murphy last year that provides Tuition Aid Grants (TAG) for incarcerated residents pursuing higher education;
- **\$2 million** for IT modernization and security improvements in adult correctional facilities; and
- At least **\$2 million** in support from the Department of Labor's Workforce Development Partnership Fund (WDPF) for a new HVACR career training program at JJC and an apprenticeship program and other career services for DOC.

The budget proposal will provide additional funding to the Division of Family Development in DHS to support the removal of the drug conviction prohibition for General Assistance (GA) clients. This will allow more recently released individuals to access critical emergency housing and cash assistance services.



Fiscal Year 2022 Budget Proposal: First Full Pension Payment in 25 years

Governor Murphy's FY22 budget makes first full Actuarially Determined Contribution (ADC) pension payment since 1996

State was due to pay 90% of the ADC; full payment will save New Jersey taxpayers \$861m

Total budget investment in the pension system: \$6.4 billion

In FY2022, the Governor proposes making the first full pension contribution since FY1996. The recommended contribution, including contributions from the State lottery, totals approximately **\$6.4 billion** and meets **100 percent** of the Actuarially Determined Contribution (ADC).

The proposed FY2022 budget makes good on the Governor's promise to public employees by including an additional **\$1.6 billion** to meet the goal of contributing 100 percent of the Actuarially Determined Contribution (ADC) to New Jersey's pension system a year earlier than initially planned. The proposed **\$6.4 billion** pension payment, which includes contributions from the State lottery, would mark the first time the State has made a full contribution since FY1996.

The State has been on a 1/10 ramp up plan as it works its way up to meeting the full contribution and was initially slated to contribute 90 percent of the full contribution this year. The Governor's decision to make a **100 percent** contribution a year early will substantially reduce the state's obligation in the coming years, saving taxpayers **\$861 million** over the next 30 years. The combined pension contributions by the Murphy Administration in four years will roughly total an unprecedented **\$18 billion**, which is **\$9.4 billion** more than the prior Governor contributed over two terms.

Governor Murphy is proud to have kept his word to the hundreds of thousands of retirees who depend on their pensions.

Governor Murphy Provides Unprecedented Support to the Pension Systems

(In Thousands)

Governor	Defined Benefit Pension Contribution
Whitman	\$ 963,934
DiFrancesco	563
McGreevey	101,424
Codey	165,026
Corzine	2,175,596
Christie	8,758,628 *
Murphy	18,185,891 *

*Includes approximately \$1 billion in annual Lottery Enterprise contributions starting in FY2018