



Governor Phil Murphy

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Newark, N.J.

Governor Murphy Takes Action on Fiscal Year 2020 State Budget

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Budget Makes Critical Investments in the Middle Class, NJ TRANSIT, Property Tax Relief, and Education

Governor Also Takes Action to Ensure Fiscal Responsibility

TRENTON – Governor Phil Murphy today signed the Fiscal Year 2020 Appropriations Act into law, growing core investments in education, NJ TRANSIT, and many other middle-class priorities, while taking decisive action to promote the fiscal responsibility that was lacking in the Legislature's spending plan and set up New Jersey to better weather a possible future economic downturn.

"The budget enacted today is a victory for working families in New Jersey in many different ways—it supports middle-class priorities, invests in education, makes a record investment in NJ TRANSIT, provides property tax relief, and so much more," **said Governor Murphy**. "However, we must be honest about its shortfalls: this is a budget that does not include tax fairness, does not ask opioid manufacturers to help fund addiction services, and does not raise gun fees that have been untouched since 1966. These commonsense revenues would have allowed us to save for a rainy day and sustainably fund necessary investments for New Jersey's nine million residents. Make no mistake, I will continue fighting for tax fairness and fiscal responsibility well beyond today's budget actions."

Careful examination of the Legislature's budget revealed their estimated surplus to be roughly half a billion dollars short due to the use of unrealistic revenue projections, unachievable savings assumptions, underfunded programs and services, and supplemental spending legislation passed outside the budget.

When coupled with a lack of new sustainable revenues, Governor Murphy utilized his constitutional authority to line item veto \$48.5 million in spending added by the Legislature.

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The Governor also signed Executive Order No. 73 directing the Treasury's Office of Management and Budget to place up to \$235 million in discretionary spending into reserve, which will be monitored by Treasury and released if, during the course of the fiscal year, sufficient revenues and assumed savings materialize.

The Executive Order was deemed necessary since the budget passed by the Legislature did not include much-needed reliable and recurring revenue sources – such as the millionaire's tax – and instead included additional spending, while relying heavily upon questionable revenue and savings projections.

As a result of the Governor's fiscal stewardship, the final \$38.712 billion spending plan maintains a total of \$1.276 billion in surplus revenues comprised of \$875 million in undesignated surplus revenue, and a \$401 million deposit into the state's Surplus Revenue Fund (SRF) – the "lock box" commonly known as the Rainy Day Fund – the first such deposit in more than a decade.

The Governor and Treasurer have repeatedly underscored the importance of building up the State's surplus resources in light of increasing warnings of an economic downturn, and due to the fact that New Jersey's reserves have historically lagged well behind the national average of 10 percent since the Great Recession.

"As Governor, I have a responsibility to protect New Jersey from economic downturn," **Governor Murphy continued.** "With this budget, I am protecting our fiscal house and making the first deposit into the Rainy Day Fund in over a decade. We cannot and will not continue to spend without ensuring we have the necessary funds to do so."

The Appropriations Act also maintains and builds upon the investments the Governor laid out in his proposed budget in March as part of his agenda to rebuild the middle class and create a stronger and fairer New Jersey.

Details of the FY2020 budget include:

Growing Our Investments

Last year's budget saw historic investments in mass transit, education, and workforce development. The FY2020 Appropriations Act continues this progress by making investments in the following key areas:

Strengthening NJ TRANSIT

The budget signed by the Governor includes an additional \$150 million in General Fund support for NJ TRANSIT, for a total subsidy of \$457.5 million, the largest General Fund subsidy to NJ TRANSIT in state history. Of this, \$75 million will replace diversions and \$75 million represents new direct funding. Due to this investment, NJ TRANSIT will not raise commuter fares for the second consecutive year.

Elevating Pre-K to 12 Education

The Appropriations Act maintains the commitment to our kids and our public schools – starting with nearly \$200 million more to continue the ramp-up to full K-to-12 formula funding, and over \$60 million more to not only maintain, but to further expand, pre-K. The enacted budget includes \$250 million for Extraordinary Special Education costs, a 28 percent increase over FY2019. The budget also includes \$2 million to continue the "Computer Science for All" initiative and \$650,000 for STEM and other early college high school programs.

Transforming Higher Education

The Appropriations Act supports the Governor's commitment to provide tuition-free community college, with a total of \$30 million in funding for the Community College Opportunity Grant (CCOG) program, allowing thousands of qualified students to attend community college tuition-free in the 2019-2020 academic year. The budget also includes \$20 million in increased funds to pilot a new funding formula for public four-year institutions that rewards student completion and support for traditionally underserved populations. The budget further includes increased funds for Tuition Aid Grants and the Educational Opportunity Fund, which is in its 50th year of supporting students from disadvantaged backgrounds.

Making New Jersey a Leader in Clean Energy

The Appropriations Act delivers on the Governor's promise to return over \$70 million to help the state meet its clean energy goals. With millions of dollars to support clean energy and energy efficiency programs, coupled with the Board of Public Utilities' (BPU) unprecedented offshore wind solicitation, New Jersey is poised to lead the clean energy economy. BPU will be able to use some of its CEP funds to establish a program to support zero-emissions vehicles and infrastructure.

Supporting the Middle Class

Boosting Property Tax Relief for Working Families, Seniors, and the Disabled

The Appropriations Act includes nearly \$283 million in funding for the Homestead Benefit program, which will be used to lower property tax bills for hundreds of thousands of New Jersey homeowners. The budget also increases funding for the Senior Freeze property tax relief program, which benefits both seniors and disabled residents, by \$18 million for a total of nearly \$220 million.

Delivering Greater Tax Relief for Veterans

The Appropriations Act also budgets an additional \$29.5 million to double the Veteran's Income Tax Exemption, which will now provide a \$6,000 tax exemption to honorably discharged veterans and their surviving partners.

Supporting Our Working Families

The Appropriations Act increases the Earned Income Tax Credit for the second year of a three-year phase-in, providing an additional \$30.2 million to match 39 percent of the federal benefit. The State will also maintain the Child and Dependent Care Tax Credit enacted last year, allowing working families to maximize their family budgets.

Protecting Our Communities

The Murphy Administration is committed to building communities, protecting the most vulnerable, and ensuring that all segments of New Jersey's richly diverse populations share in the State's prosperity.

Ensuring the Census Counts All Residents

Fighting back against the Trump Administration, the Appropriations Act includes \$9 million to ensure a robust Census 2020 effort in New Jersey and maximize federal resources for the State. These funds will allow the Complete Count Commission to coordinate a comprehensive effort to ensure that all residents are counted, particularly in communities that historically are under-counted.

Backing a Livable Wage

The Appropriations Act builds on the Administration's commitment to a livable minimum wage by including \$88 million to boost wages for those who work with the elderly and people with intellectual and developmental disabilities, and for the hard-working employees at subsidized child care facilities.

Investing in Our Residents' Health

Governor Murphy recognizes that the state is stronger when its residents are healthier. The Appropriations Act includes \$2.5 million for local health departments to support county-wide public health programs. It also makes \$22.5 million in new investments for individuals with developmental disabilities and expands critical mental health services.

To help address racial disparities in the health outcomes of new mothers and their children, the enacted budget expands post-partum coverage to six months and includes funds for doula care services to expectant mothers enrolled in Medicaid.

The enacted budget increases support for women's health and family planning services, including Planned Parenthood, through an investment of \$10.453 million, an over 40 percent increase from FY2019. Since this funding was restored after being zeroed out by the Christie Administration, thousands of New Jersey women have regained access to vital health care, including life-saving cancer screenings, at health clinics statewide.

Fighting the Opioid Epidemic

The State will again commit \$100 million to continue combatting the opioid epidemic through carefully designed programs and thoughtful, data-driven analysis to put resources where they are most needed.

Creating New Housing Opportunities

The Appropriations Act delivers on the Governor's pledge to fully eliminate diversions from the Affordable Housing Trust Fund to better address New Jersey's housing crisis by restoring the \$59 million that had been diverted last year. A newly created Office of Homelessness Prevention in the Department of Community Affairs will also serve as an interdepartmental hub to implement policies to prevent homelessness and expand access to housing options.

Demonstrating Fiscal Stewardship

The second Appropriations Act signed by Governor Murphy builds on the foundation laid last year to make New Jersey a state that residents can once again trust.

A Stronger Surplus

The enacted budget includes \$1.276 billion in total surplus, a significant increase from the average \$504 million surplus under the previous administration.

Generating Real Savings

The enacted budget includes nearly \$800 million in the delivery of public employee health care benefits – a 16.6 percent year-over-year decrease from the current budget to be achieved through good faith negotiations with labor partners.

Fulfilling Pension Commitments

Governor Murphy will put a total of \$3.8 billion, including over \$1 billion in Lottery revenue contributions, toward the public employee pension system, which is an 18.5 percent increase over last year's contribution and, for the second year in a row, marks the largest payment in state history.

For the Fiscal Year 2020 Fund Balance, [click here](#).

For a list of line-item vetoes, [click here](#).

For a copy of Executive Order No. 73, [click here](#).

For a summary of the Fiscal Year 2020 budget, [click here](#).

For the Governor's revenue certification, [click here](#).

Governor Phil Murphy

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