

Governor Phil Murphy

# Governor Murphy Presents Fiscal Year 2022 Budget: Investing in a Stronger, Fairer, and More Resilient Post-Pandemic New Jersey

02/23/2021

***Proposal Includes First Full Pension Payment in More than 25 Years, Highest Level of School Funding Ever, Robust Tax Relief, and a \$200 Million Small Business Relief Initiative***

**TRENTON** – Governor Phil Murphy delivered his fourth annual budget address on Tuesday, outlining a responsible spending proposal for Fiscal Year 2022 (FY2022) that includes critical investments to help New Jersey emerge from the pandemic stronger, fairer, and more resilient, while making a full pension payment for the first time in more than a quarter of a century, providing the highest level of school funding in history, delivering direct tax rebates to over 760,000 middle-class families, and providing \$200 million in relief for small businesses.

“This budget lives up to our stronger and fairer mission,” said **Governor Murphy**. “Stronger to come out of the pandemic with an economy that works for every New Jersey family. Fairer to help families and small businesses hit hard and left behind in the pandemic’s brutal wake. This budget will continue to stabilize property taxes for hardworking families. This budget will continue the hard work of moving forward – not only from the pandemic – but from years of neglect. Our problems weren’t created overnight and, frankly, they won’t be fixed overnight. But I know that brighter days lay ahead.”

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 pension 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.

The \$44.83 billion spending proposal assumes 2.4 percent growth in total revenue and includes a sizable surplus of \$2.193 billion, just under five percent of budgeted appropriations and dwarfing the average of the previous administration. Revenue projections have improved in part due to record high stock markets, federal stimulus that directly aided individuals and businesses, as well as what economists describe as a K-shaped recession, which has seen middle and high-income households recover more quickly while low-income households have continued to struggle.

The budget proposal aims to address these inequities by directing resources where they are needed most in order to build a stronger post-pandemic New Jersey. The Governor is committed to investing significant resources to ensure the State does not repeat the same mistakes made during the Great Recession when New Jersey was one of the last states to recover from the financial crisis after drastically cutting state aid.

As a result of last year’s millionaires tax enactment, the proposed FY2022 budget includes \$319 million in direct tax relief for middle-class families, which will provide up to a \$500 rebate to over 760,000 couples and individuals with qualified dependents. The budget also includes \$1.25 billion in funding to support various property tax relief programs. Additionally, it includes funding to:

- Expand the Veterans’ Property Tax Deduction to those who served in peacetime;
- Make the Child and Dependent Care Credit refundable and expand eligibility to families making up to \$150,000, more than doubling eligibility to aid 148,000 taxpayers; and
- Expand eligibility for the Earned Income Tax Credit to roughly 70,000 senior citizens without dependents.

The proposed budget also includes a new multi-departmental economic growth initiative that will boost economic recovery in New Jersey communities, provide access to capital for minority-owned businesses, and help government support sustainable economic growth. This roughly \$200 million investment initiative includes:

- \$100 million allocated from the recently passed Economic Recovery Act 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

The proposed FY2022 budget furthers the Governor’s historic commitment to education by increasing formula aid by \$578 million. Over the last four years, direct pre-K through grade 12 spending statewide has increased by nearly \$1.5 billion, putting New Jersey on the path to fully funding the constitutional school funding formula. The Governor’s proposed budget will:

- Expand the state investment in pre-K by \$50 million, including \$26 million for new programs.
- Increase Extraordinary Special Education Aid by \$25 million; and
- Provide \$50 million in Stabilization Aid,

Additionally, the proposed budget boldly strives to make higher education more attainable for more New Jersey students and further assist colleges by:

- Allocating \$50 million to fund The Garden State Guarantee, which provides two years of free tuition at four-year institutions for students with household incomes of less than \$65,000;

- Investing \$27 million in the Community College Opportunity Grant (CCOG) program, which provides tuition-free community college for eligible students;
- Increasing funding for the Educational Opportunity Fund (EOF) by \$2.8 million for a total of \$51.8 million, which will cover the identifiable undergraduate student capacity needs for the academic year for the first time; and
- Increasing aid to community colleges by \$5 million, aligned with an outcomes-based framework.

The budget proposal also includes significant quality of life investments to make New Jersey a healthier and more affordable place to live, including:

- Investing an additional \$25 million in NJ Health Plan Savings subsidies;
- Launching the "Cover All Kids" initiative with the ultimate goal of ensuring affordable, accessible health coverage is available to nearly 88,000 children without coverage;
- Raising the income threshold by \$10,000 for the Pharmaceutical Assistance for the Aged and Disabled and Senior Gold programs, which will benefit over 20,000 seniors;
- \$19 million to support the new Reproductive Health Care Fund, which will cover costs for contraceptive, prenatal, labor, and delivery care for those without access to medical assistance;
- \$19.5 million for Family Planning Services, bringing the total the Governor will have provided over four years to nearly \$74 million, after years of defunding by the prior administration;
- \$8.5 million to expand Medicaid coverage for 365 days postpartum and \$2 million to create a new pilot program to support rental assistance for expecting mothers, both of which will advance the First Lady's Nurture NJ initiative; and
- \$20 million for the Housing and Mortgage Finance Agency's Down Payment Assistance program, providing nearly 2,000 mortgages for first time homebuyers.

The Governor is also proposing significant direct appropriation investments, including \$200 million for the Offshore Wind Port and \$200 million for current Schools Development Authority (SDA) projects to reduce debt issuance; \$75 million for the SDA's Capital Maintenance and Emergent Needs Grant program; \$60 million to support the continuation of the Drinking Water and Clean Water Infrastructure Fund; and \$86.6 million for critical capital improvements, including emergent life safety and IT projects.

The FY2022 budget proposal also increases total resources for NJ TRANSIT to \$2.65 billion, nine percent over FY2021 and 15 percent over FY2019. It also continues to reduce diversions from the agency's capital fund for operating costs, marking the lowest transfer in 15 years, and for the fourth consecutive year there will be no fare hike.

The proposed budget also continues to build on the progress the Murphy Administration has made to address the inequities in New Jersey's criminal justice system by including funding to help lessen the burden on individuals seeking expungement of criminal records; equip local police officers with body-worn cameras; develop software to make law enforcement forfeiture actions more transparent; allow incarcerated individuals placed in isolated confinement to undergo daily examinations by health professionals; and support implementation of the "Earn Your Way Out" law (<https://www.nj.gov/governor/news/news/562020/approved/20200120a.shtml>).

Additionally, the proposed budget includes both new and increased investments for the Juvenile Justice Commission (JJC) and the Department of Corrections (DOC):

- \$5 million to improve internet infrastructure for DOC's incarcerated population to access education, employment, and legal materials;
- \$4.2 million more for county Youth Services Commissions to reduce juvenile delinquency;
- \$3 million to help fund non-profits that facilitate re-entry;
- \$2.25 million for the Scholarship and Transformative Education in Prison Program; and
- at least \$2 million in support for a new career training program at JJC and an apprenticeship program and other career services for DOC inmates.

For more information on the Governor's proposed budget and policies, check out the Budget in Brief online. (<https://www.nj.gov/treasury/omb/publications/22bib/BIB.pdf>)

Additional one-page policy papers on the central commitments that have underpinned Governor Murphy's first four budget proposals – record pension payments, historic education funding, rebuilding NJ TRANSIT, investing in economic growth, expanding access to housing, and continuing progress on criminal justice reform – are also available here ([https://d31zhlk6di2h5.cloudfront.net/20210223/d0/3d/0c/f0/2e68ce39d7eb3342e2a4068a/Budget\\_Docs.pdf](https://d31zhlk6di2h5.cloudfront.net/20210223/d0/3d/0c/f0/2e68ce39d7eb3342e2a4068a/Budget_Docs.pdf)).

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